

LOMBARD

Population—more room for hope

BY C. GORDON TETHER

HOW SERIOUS is the danger in which the world stands from the population explosion? Perhaps, the most interesting thing about the ever-increasing flow of official and unofficial surveys attempting to answer this question is the fact that, whereas some assessments strike an almost hysterical alarmist note, others can be said to be at least mildly reassuring.

Very much under the second heading is the comprehensive ten-year review of "World Population Growth and Response," recently published by the Population Reference Bureau, an American educational organisation. The first encouraging point it makes—and its importance can hardly be over-stated—is that it has been possible to create a global awareness, for the first time in history, of the problems generated by rapid population growth and their effects on individuals and societies.

Rate falls

The other cheerful note of substance the report strikes is that the underlying situation does at last seem to have taken a turn for the better—with birth rates falling faster than death rates for the first time in many years. And it is, of course, what happens in the difference between the two rates that will determine whether the threat posed by the increase in the number of mouths to be fed can be contained or precipitates us into total disaster.

The world birth rate declined from 34 to 30 per thousand between 1965 and 1974. This encourages the authors of the study to conclude that the world is at present headed towards rather than away from—a more slowly increasing population. Indeed they argue that there is a distinct possibility of the birth rate dropping as low as 20 per thousand within another 10 years.

The study also insists—thereby flying in the face of conventional pessimistic wisdom—that population programmes are having a marked effect on population growth. This is very much so in three countries where success stories are most badly needed—Communist China, India and Indonesia. But it is said to apply also to many of the smaller countries—namely Korea, Panama, Rangoon, Cuba, Costa Rica and Jamaica.

The fact that this includes quite a few countries that have not had very much success in raising their living standards points to one highly relevant conclusion. It is that, while the best hope of getting population growth down to manageable proportions before time runs out may lie in promoting economic and social development, a contribution of substance to the solution of the problem can come from family planning.

And there are two things that have to be borne very much in mind when evaluating the assistance made available to poor countries under this heading in relation to that pumped into economic and social development.

The first is that an immense amount of work can be done in the family planning field for a comparatively small outlay of money. Which is another way of saying that, dollar for dollar, aid channelled into this sector can produce materially greater rewards in terms of relieving poverty than that devoted to development—thus even though a sizeable part of it may seem to have been wasted.

The other point to notice is that, where it is achieved, success in bringing down the pace of population growth will have the effect of enabling the countries concerned to make its development aid money go very much further in raising living standards beyond the poverty line.

Establishment

That does not mean, I hasten to add, that a major switch from development to family planning in the assistance programmes of the affluent countries would be either feasible or desirable. As Mr. Alexander Marshall—who is involved in the work of the UN Fund for Population Activities—points out in an article in the current issue of the UN's *World Population Review*, development countries are apt to be very touchy on the family planning issue.

So while there is everything to be said for keeping population assistance going, it must be understood to be just that and not "population control assistance." In fact, Mr. Marshall argues that, in their approach to the population explosion issue, developed countries should "put the accent on the positive." By this he means that they should concentrate on "aspects that they can do something about."

As for the "population establishment" itself, he maintains that it should first instruct itself in the vast range of possibilities that come under the broad heading of population policy. After that, it should extend its reach into other areas of development. Finally, it should divest itself of the prejudices of Western thought so that it harmonises its activities with actual conditions in developing countries.

RACING

Carson set for two winners

WILLIE CARSON, who seems to be intent on regaining the jockeys' championship which he lost to Pat Eddock in 1974, takes in both Haydock and Pontefract today, and it will come as a surprise if he fails to boost his score for the season by at least two winners.

At Haydock, where it is an afternoon meeting, Carson's best chance of success probably lies with Black Ray, among the runners for the afternoon's feature event, the John Davies Stakes (3.15).

The Clive Brittain trained colt has been finding his smart form of late in recent weeks, and with only 7 stone 11 lbs in the saddle, he can be expected to beat the highly rated colt Scallywag from whom he receives 23 lbs.

Two other likely winners for Carson are Hey Willie and Grey Presto who respectively go for the Sycamore maiden stakes (6.45) and the Beech selling handicap 25 minutes later at Pontefract's evening meeting.

Hey Willie, a bay filly by Rich recently, and she is recommended with confidence. Later in the evening, Dempsey, 4.05—Puzzle

boy, did well to run the more experienced Sahib's Daughter to half a length at Goodwood

HAYDOCK
2.15—Brightest and Best
2.45—Sea Native
3.15—Black Ray
4.15—Affirmative

KEMPTON
2.00—Tribal Song
2.30—Breeze Wagon
3.00—Chum-Chum
3.30—Vilgora
4.00—Du Maurier
4.30—Fortinbras

PONTEFRACT
6.45—Hey Willie**
7.10—Grey Presto
7.35—Zetab
8.05—Dempsey**
8.35—Levinada
9.05—Puzzle

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Later in the evening, Dempsey,

BY DOMINIC WIGAN

SALEROOM

BY MICHAEL THOMPSON-NOEL

Westminster coins net £156,410

INTEREST in Sotheby's sale of Greek, Roman and English coins from the Westminster School collection continued up to the last lot. Yesterday's final session produced £20,370 for a two-day total of £156,410.

Top price of £8,700, plus £870 buyer's premium, was paid by the London dealer T. D. Puttock for a Queen Victoria pattern gold £5 of 1839.

Spink paid £3,000 for an Anglo-Saxon penny (Amlaf Guthfrithson, 938-941) of the "Raven" type, while Lubbock, the London dealer, parted with £2,500 for a series of 11 specimens of a note from Bradbury's third issue (1817-1818). Each bore an identical serial number, were unissued and previously unrecorded.

Two Ceolwulf pennies (Ceolwulf was the brother of Cuthbert, King of Kent) each made £2,100. Sotheby's major impressionist and modern paintings and sculpture sale in New York on Wednesday night brought in £2,483,333, including £36,111 from a U.S. collector for *Tete ocre*, oil, 1910, by Paul Gauguin, and dated 371. Another American collector gave £77,777 for a 1908 Renoir, oil on canvas, and an Italian buyer paid £75,000 for a *Commode* by Braque.

In London yesterday Sotheby's sale of English and foreign silver and plate brought in £25,241, in-

cluding £750 from Singer for a George IV circular silver. At Sotheby's Belgrave a sale of scientific instruments, mechanical music and other curiosities produced £50,035. Top price of £1,800 was paid for a German musical box, while the nameplate of the Great Western Railway locomotive, Ogmore Castle, went to an enthusiast for £1,200. Another trend-setting price was the Glasgow Museum's £500 for an early 19th-century tandem tricycle.

"Bonham's sale of 17th-, 18th- and 19th-century European paintings amounted to £29,712. The top price was £1,450 for a Muller cabinet scene of ships in distress. Its English and Continental furniture sale earned £4,772. A George III maplewood spindle table made £200, and a Victorian embossed bookcase, the four 2580. At Christie's a Flemish oak 17th-century cabinet on a stand was sold for £2,600 to a private buyer, top price in a sale of English and Continental furniture, including £50,220, an 18th-century Dutch marquetry display cabinet made £2,300 to a private buyer, while a Louis XV kingwood commode went to Stadel for £2,200.

Buyers at Christie's South Kensington produced a total of £61,166 for costumes, while ceramics and other works of art amounted to £13,588. The most ambitious price in the costume sale was the Victoria and Albert Museum's £3,200 for a suite of Spanish 16th-century vestments.

Spanish and Latin American manuscripts from the collections of the late Sir Thomas Phillips are to be sold at Sotheby's late next month. Sir Thomas was probably the greatest book and manuscript collector of all time. Turnover in this department at Sotheby's has already reached £4.6m, with three months of sales still to come.



A bronze reduction of the Colleen monument, after Verrocchio: £700 at Christie's.

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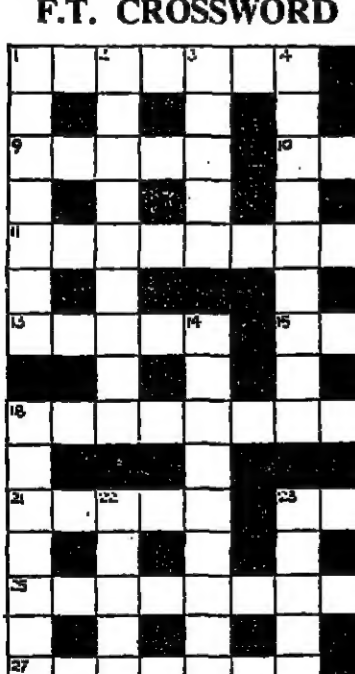
TV Radio

† Indicates programme in black and white.

BBC 1
7.05 a.m. Open University (UHF only).
10.00 For Schools.
10.45 You and Me.
11.00 Golf: Fenfold PGA Championship.
11.30 For Schools.
12.00 Golf: Fenfold PGA Championship.
12.45 p.m. News.
1.00 Pebble Mill.
1.45 Along the Trail.
2.02 For Schools.
2.30 Golf: Fenfold PGA Championship.
3.00 Regional News (except London).
4.00 Play School.
4.25 Dastardly

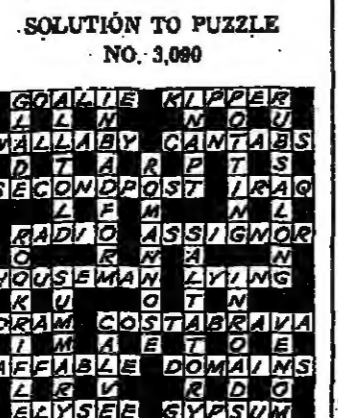
and Muttley in their flying machines. 4.25 Jackson's. 4.30 Screenplay. 4.35 It's My Belief. 4.40 The Wombles.
4.45 News.
6.00 Nationwide.
6.30 Sportsworld.
7.05 Tom and Jerry.
7.15 The Wonderful World of Disney.
8.00 It's a Knockout.
9.00 News.
9.25 Starkey and Hutch.
10.15 Ten Minute Theatre with the SNP.
10.45 A Throne of Kings.
11.15 Weather/Regional News.

F.T. CROSSWORD PUZZLE No. 3,091



- 1 Compensation when mother gets older (7)
2 Grooms and with favour seeks to ingratiate oneself (7)
3 South African doctor takes one for a dance (5)
4 Restrains vocal inflexion on the pavement (9)
5 Curiously good man telephoned cathedral (9)
6 Chicken could be one course (5)
7 Compact or impenetrably stupid (5)
8 Lightly shod and polished round everything (9)
9 Hurray! Get changed. It should be worn on this (5,3)
10 Drawn to get married (5)
11 A declivity has to hesitate to make resin (5)
12 German spirit used for a cocktail (5,4)
13 I'd come back to fight against time and battle (9)
14 Alcoholic drink when red, otherwise fowl (5)
15 Rides on recklessly, having prepared bow (7)
16 Engineers pulled round and stood on high (7)
17 DOWN
18 Abandoned and no longer employed (7)
19 Short memory and one may require these (9)
20 Cereal found in wood (5)
21 Acheived or the one that comes after (9)
22 Transport vehicle on railway (5)

- 16 Compounded forces having effect on worker (8)
17 Satire used to smooth young leader (5)
18 Guided beast to editor (7)
19 Take into consideration and amuse (9)
20 Careless and inattentive but unconcerned (9)
21 Scottish native not very high up in the world (8)
22 Miser finding it harder to accept nothing (7)
23 Doctor, you of old twice brought to duke, being tearless (3,4)
24 Singer embraces one in the grounds (5)
25 Married one left in wooded (5)
26 Joint needing grease for hard work (5)
27 SOLUTION TO PUZZLE NO. 3,090



BBC 2
6.40 a.m. Open University.
11.00 Play School.
1.00 Golf: Penfold PGA Championship.
3.00 Open University.
7.05 Mr. Smith's Flower Garden.
7.20 Weather.
7.30 Newsday.
7.50 Top Crown.
8.15 The Money Programme.

RADIO 1
2.47m
(5) Stereophonic broadcast
6.40 a.m. At Radio 2. 7.00 News.
7.20 News.
7.30 News.
7.40 News.
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Amsterdam, May 1976

WORLD TRADE NEWS

Arab funds back Egypt fertilisers

By Michael Torgny

CAIRO, May 27. THREE Arab funds have agreed to provide \$26m. for a second fertiliser plant at Talkha, sources in the Ministry of Economy stated today. The Arab Fund for Economic and Social Development, and the Kuwait Fund for Arab Economic Development will each lend \$10m. and the Abu Dhabi Fund for Arab Economic Development will lend \$6m. The loans will be repaid over 15 years after five years grace at an interest rate of 3 1/4 per cent.

The Ministry of Economy said that the second fertiliser plant at Talkha, which will produce urea, is scheduled for completion in 1978. The value of production would be \$70m. a year.

The project is critical since Egypt is an importer of fertiliser which it can ill afford. The existing plant at Talkha, which produces ammonium nitrate fertiliser produced 42,000 tons of its highest concentrate product last year but a higher output is desperately needed.

The cost of subsidising fertiliser imports for re-sale to the farmers exceeds \$850m. though the Government is trying to cut this down.

British aerospace exports to reach £900m. this year

By LORNE BARLING

THE British aerospace industry is expected to attain exports in excess of £900m. this year following a record figure of £830m. in the first quarter, according to the Society of British Aerospace Companies.

The first quarter's figure is £50m. higher than for the same period last year, with exports of guided weapons more than doubled at £4m. A major element in this total is the delivery of British Aircraft Corporation Rapier guided missiles to Middle Eastern countries.

BAC now has export contracts worth more than £500m. for this low-level anti-aircraft missile, believed to be the only one of its type operational in the West.

First quarter exports were boosted considerably by record deliveries during March amounting to £82.4m. The month was also a record for shipments of aero engines and parts worth £40m., airborne radio, radar and navigation instruments worth £21.5m. and parts at £17m.

The industry believes this situation will worsen towards the 1980s, reflecting the lack of viable civil aircraft programmes. There will be a large gap in our ship window unless some thing is done," the SBAC said.

Despite the element of inflation built into the figures, the industry believes that exports are also increasing substantially on volume. It is pointed out that many contracts are at fixed prices and are signed a year or more before delivery, decreasing the inflationary distortion.

However, concern is mounting within aerospace companies at the high proportion of exports which are accounted for by airframe and engine replacements and parts when compared to complete new products.

In March, for example, exports of aircraft parts were valued at £23m. compared to complete new aircraft valued at £7.5m. New engines worth £14m. were exported, while "other than new" engines were valued at £9m. and parts at £17m.

The industry believes this situation will worsen towards the 1980s, reflecting the lack of viable civil aircraft programmes. There will be a large gap in our ship window unless some thing is done," the SBAC said.

A decision on replacement aircraft for the F-4 Phantom II is expected in the summer or autumn. The competitors include two British aircraft, the Hawk-Siddeley Hawk and the British Aerospace Corporation's Strikemaster, a contract is expected to worth around £80m.

BAC claimed yesterday that the Strikemaster, because of its uncomplicated nature, could have a greater proportion production in Finland than competitors. BAC, like Hawk-Siddeley, have offered a number of offset opportunities.

Mr. J. Dabriel reports from 7 Airco. The first Westwind 11 executive jet, an improved version of that earlier made Israel aircraft industries, is today for the U.S. after it plane had been licensed by the U.S. and the Canadian civil aeronautics administrations. The company intends to produce 24 Westwinds this year, of which ten have already been sold.

EEC shipbuilding policy call

By ROBIN REEVES

BRUSSELS, May 27.

THE Brussels Commission has proposed that the European Community should discriminate in favour of its own shipbuilding industry if OECD efforts, aimed at promoting an orderly contraction in world shipbuilding capacity, end in failure.

Details of these proposals coincided yesterday with indications that the Japanese Government will shortly be warned that its capacity will be inevitable because of world shipbuilding over-capacity. This conclusion by Japan's advisory panel on shipbuilding is likely to encourage moves within the EEC to step up pressure on Japan to bring its capacity more in line with world demand, and thereby leave European shipbuilding with some prospect of retaining its traditional market share.

In a message to the EEC Council of Ministers, the Commission calls on member states to establish a common position both on the reduction in world shipbuilding capacity required to restore equilibrium with demand, and the contribution which individual EEC members should make towards resolving the over-capacity crisis.

But it says that if agreement with Japan and other shipping countries on an international rationalisation plan cannot be reached in the OECD, then the Community must look at measures to safeguard its own industries. These could include both financial aid and "appropriate measures" in maritime and commercial policy.

The Commission points out that 80 per cent. of the Community's trade with the rest of the world is by sea transport and that it accounts for some 37 per cent. of world maritime trade. On the other hand, only 25 per cent. of this trade is carried in EEC merchant fleets.

It estimates that surplus shipbuilding capacity, worldwide, will amount to about 25 per cent. by 1980, and be as high as 60 per cent. for tanker construction facilities.

At the same time, the Commission hints that the brunt of the required cutback to restore equilibrium to the industry ought to be borne by Japan. It stresses that whereas Japanese shipbuilding capacity soared from 1.7bn. gross tons to 17bn. tons between 1960 and 1975, EEC capacity rose from 4bn. tons to only 7.5bn. tons over the same period. As a result, the EEC's share of world shipbuilding capacity fell from 51 per cent. to 22 per cent., while Japan's share rose from 22 per cent. in 1960 to 50 per cent. in 1975.

Japan's shipping and shipbuilding rationalisation council has been working on a five-year plan for the Japanese yards for the past year or so which is to be presented to the Minister of Transport on June 21, writes Peter Dunne.

A report from a sub-committee of the council points out that the Japanese industry has already reduced its level of operations to about 70 per cent. of capacity and this has been done with closures or dismissals of full-time employees. Present employment in the industry is variously put at 20,000 to 30,000 below the peak of 380,000 of end-1974, but the reduction is due to a combination of bankruptcy of sub-contractors, lack of recruitment and transfer of workers to the other activities of the diversified major shipyards.

Such avoiding measures will cease to be adequate when activity drops to around 50 per cent. of capacity, which is likely to be the position in 1978, according to shipbuilders. That level of business would mark the beginning of a sharp decline in shipbuilding capacity, forcing many of the old yards, necessarily under official guidelines, in 1980 total demand for new ships could be only one-third of 1975's level, say the reports.

According to one industry source, there is undoubtedly a campaign being waged to improve on government the severity of the industry crisis—obviously in the hope it will bring forth all the necessary funds to avert a crisis. For this reason, the forecasts of mass dismissals of anything up to 100,000 men may be deliberately exaggerated and alarmist.

However, according to the same source, it must be on the cards that between 25,000 and 30,000 full-time employees will have to go (out of 158,000), with many more severe retrenchments among other classes of labour.

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CDC to increase agriculture investment

By Quentin Peel

THE Commonwealth Development Corporation, the British Government's development agency, plans to invest an increasing proportion of its funds in agricultural projects in the poorest developing countries, the chairman, Sir Eric Griffith-Jones, said yesterday.

Traditionally the CDC has held more than half its investments in infrastructure developments and housing, providing both the finance and expertise to run services such as electricity and water in developing Commonwealth countries. Industrial and commercial projects, including factories and hotels, have also accounted for a large share of the total finance available.

Presenting the annual report for 1975, Sir Eric said that out of more than £20m. committed to new projects, more than 55 per cent. was being devoted to agricultural projects, and some £15m. of the total was going to the poorer countries within the Commonwealth.

The CDC made an operating surplus of £20m. in 1975, compared with £19.1m. in 1974, on total capital of almost £230m. invested in rather more than 200 different projects. Out of the surplus the CDC makes provision for capital losses, taxes, and interest due on its Treasury advances, leaving £280,000 appropriated for its reserve fund.

New agricultural projects include sugar growing in Kenya, Nigeria and Zambia, cattle ranching in Botswana, and forestry projects in Fiji and Swaziland.

Sir Eric said the greater emphasis on agricultural projects was the result of a joint working party between CDC and the Overseas Development Ministry, which examined the implications of concentrating aid on the poorest Third World countries, and on projects most likely to help the poorest people in those countries. But the CDC would continue to look for other projects, such as industrial schemes, which could help the urban poor.

He said that the year's results were satisfactory. In spite of a very poor outlook in the first half, with difficult trading conditions and lower commodity prices. Political problems had also hit some projects, such as the CDC tea plantation in Ethiopia, where there was considerable uncertainty about the future.

One sector which was badly hit during the year was tourism.

Malta gets big grant from EEC

By Godfrey Grima

VALLETTA, May 27. MALTA is to receive 36m. units of account (almost \$US\$36m.) in grants and loans from the EEC. Details of the accord, which followed four years of negotiations, were announced by Premier Dom Mintoff. He said 16m. units of account will be in the form of a loan at commercial rates from the European Investment Bank. Another 5m. units will be given as an outright grant and the remaining 5m. units as loans on a special 1 per cent. interest rate.

The accord, signed in March covers five years but according to a letter from the head of the community delegation Malta will be able to utilise the funds within the next three years before the closure of the British bases in 1980. Mr. Mintoff said the funds will be used to assist the Maltese to market their products, training in the field of export promotion, development and socially orientated projects.

Pakistan wins Saudi airport contract

By Iqbal Mirza

KARACHI, May 27. THE Saudi Arabian Government has awarded a contract worth Rs.60m. to the Pakistan Airports Development Authority for the development of airports in Saudi Arabia. The whole project, to be completed in two years, will be executed exclusively by Pakistani engineers. The Airports Development Authority has already successfully executed a consultative working relating airport development in Libya. Negotiations are currently under way with the Nepal and Egypt governments for providing consultative services for the expansion of their airports.

The generation division, Petters of Hambro, Southampton, a Hawker Siddeley company has completed the third phase of the supply of diesel generators valued over £1m. to Egypt.

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New York bonds get lower credit rating

By Our Own Correspondent

NEW YORK, May 27. DODDY'S, one of the two most influential U.S. debt-rating agencies, has sharply downgraded its rating of the Municipal Assistance Corporation (MAC), the New York State-dominated organisation set up to rescue New York City from its financial problems.

Aside from supervising the city's battle against bankruptcy, MAC's main duties are to raise money in the public markets under its own name for the city's lower rating will put pressure on the market prices of its MAC bonds and jeopardise the agency's current schedule of planned new offerings.

Moody's dropped MAC's rating from "A" to "B", its third highest, to "B+", its sixth highest. Following a move late yesterday, which added in the debt markets described as unexpected, Standard & Poor's, the other major bond rating agency, said it would not change its rating of MAC from "A-plus".

In a brief statement, Moody's said it had dropped MAC's rating because the securities "lack characteristics of desirable investments such as assurance of interest and principal payments." The agency cited MAC's "poor record of information" and the failure of the city's three-year emergency financial plan during its first 12 months. Finally, it stated that MAC's efforts to secure interest payments on existing bonds "raises too many unanswered questions."

Defence Department promotes Lockheed sale to Japan

By Jay Palmer

THE U.S. Defence Department is currently trying to persuade the Japanese Government to go ahead with its deferred plans to buy Lockheed patrol aircraft. Confirming that classified messages along these lines had been exchanged with the Japanese, Pentagon officials today denied reports that Mr. Donald Rumsfeld, President Ford's Defence Secretary, had personally intervened to promote the sale.

Reports in the New York Times today said that Mr. Rumsfeld and other Administration figures had proposed Government arrangement to deliver the U.S. Government would become contracting agent for the sale and had indicated willingness to provide some kind of official guarantee of Lockheed's ability to deliver the planes.

The status of Lockheed's proposed \$250m. sale of "Orion" patrol aircraft to the Japanese has been in jeopardy ever since the California-based aerospace company first disclosed that it had paid \$12.5m. in bribes and commissions in Japan to promote past sales. Despite the political future sparked off by this in Japan, Prime Minister Miki's Government has never categorically stated that the deal was off.

The proposed deal, worth \$250m. to Lockheed, called for the company to deliver nine completed Orions to the Japanese

before delivering kits for six more aircraft to be assembled in Japan and eventually licensing a Japanese company to build an additional 35 planes. The Orions, powered by four turbo-prop engines, would be used for anti-submarine patrol in much the same role as the "Nimrod" in the U.K.

The Defence Department's attempts to salvage the deal comes at a time when Lockheed, the U.S. Government's largest single defence contractor, is once again on the verge of a financial crisis. Over the past few weeks the company's desperately needed bank debt restructuring plan appears to have run into some unexplained problems while the Canadian Government's move to drop its plans to buy Orions has further damaged the company's financial credibility.

The Canadian move was, unlike the Japanese decision, entirely caused by the refusal of Canadian banks to finance the deal. While fears that the bribery scandal would hurt the company played a major part in the Canadian banks' move, there was never any indication that Lockheed had paid bribes in Canada. It now remains to be seen whether unspecified promises of a guarantee that Lockheed will deliver is enough to overcome the Japanese Government's reluctance to buy from a company which has so nearly brought down that same Government.

Ford to sign nuclear agreement

PRESIDENT Ford will sign the American-Russian agreement on peaceful nuclear explosions this morning. Mr. Braght will participate in the joint ceremony with a simultaneous signing in Moscow, Jurek Martin writes from Washington.

The principal interest in yesterday's announcement concerns not the treaty itself but Mr. Ford's decision to go ahead with a formal signing ceremony at all. This has been put off for over two weeks as the President has battled through political primary elections with Mr. Ronald Reagan, who has been severely critical of relations with the Soviet Union.

His recent primary successes in Michigan, Maryland, Tennessee, Kentucky and Oregon would appear to have persuaded Mr. Ford that he can now take the risk of penning his name publicly to the document.

VW narrows plant choice

Volkswagen has now narrowed its choice of an American factory site down to two locations—an abandoned U.S. Government tank plant near Cleveland, Ohio, and a partly built Chrysler assembly line at New Stanton, Pennsylvania. Our Washington Correspondent writes.

A company spokesman said that within the last 48 hours a third site, in Columbus, Ohio, had dropped out of consideration. A decision on the final choice is likely to be made soon, perhaps within the next week.

Pan Am routes

Pan American Airways asked Congress yesterday for authority to carry passengers within the U.S. on its flights bound for overseas points. Reuter reports from Washington.

Pan Am is only allowed to carry domestic passengers on flights to and from Hawaii and Alaska, while all other U.S. airlines with international routes have authority from the Federal government for domestic service.

Productivity rises

Total U.S. private sector productivity, as measured by total output per hour, rose at an annual rate of 6.1 per cent. in the first quarter, up from the original estimate of 4.5 per cent., according to the Labour Department. Reuter reports from Washington.

In the fourth quarter of 1975, total output per hour rose 0.8 per cent. Productivity gains in the first quarter were accompanied by a revised 9.4 per cent. increase in output compared with the originally reported 7.9 per cent. and 5.8 per cent. in the fourth quarter of 1975, and a 2.5 per cent. rise in unit labour costs compared with 3.7 per cent. and 7.1 per cent. respectively.

OIL IN PERU

Peru's hopes of becoming a major oil exporter, which rose at the time of a series of promising discoveries in the jungle in 1972 and 1973, have dwindled to the more modest aim of something like self-sufficiency by 1978 and a small surplus to follow. The initial hopes proved expensive for everyone concerned, from the foreign oil companies which came into Peru to explore in the jungle to the state oil company Petroperu and the Government itself.

After an investment which is expected to work out at close to \$2bn. for 1971-77 in exploration (most of it fruitless), development of the few fields discovered, and construction of a costly 530-mile pipeline from the jungle over the Andes to the coast, the outlook now is that from 1978 the jungle fields will be producing slightly over 115,000 barrels a day. Combined with some 70,000 b/day from existing production on the coast and offshore, that means that Peru will, for a few years, end up with a small exportable surplus after meeting domestic demand, which is expected to reach 155,000 b/day in 1978.

The exportable surplus will in fact belong neither to Petroperu nor the Government, but to Occidental Petroleum, the only foreign oil company which has found oil in commercial quantities in the jungle, and to Belco, a subsidiary of Occidental Corporation of New York, which is producing oil offshore. The two companies are operating under the new-style production-sharing contracts, under which they pay all costs and carry all the risk in return for half of any oil produced. The exact proportion varies with each contract, but in these two cases it is exactly half.

Of the 155,000 b/day or so of oil which will be produced in Peru in 1978, some 70,000 b/day will be produced by Petroperu (roughly half in the jungle and half in the old Talara fields on the north coast). A further 30,000 b/day will be produced by Occidental, of which half automatically belongs to Petroperu; and the remaining 55,000 b/day or so by Belco, of which again half will be Petroperu's. Thus the amount of oil that Petroperu will be able to regard as its own will total less than 130,000 b/day, and to meet local demand it will have to buy at least 25,000 b/day from Occidental or Belco, at international prices or close to them. At least, by then all the oil used in Peru will actually be produced here.

This however, falls far short of the Government's expectations when it made the decision to build the trans-Andean pipeline. Even then, when the pipeline was expected to cost less than \$400m., it was going to be the biggest and most expensive construction job ever undertaken in Peru. Now, with substantial cost escalations and heavy financing charges, it looks as though it will end up costing little under \$1bn.

In late 1973, when the build-

Jungle trouble

By Michelle Proud in Lima

ing of the pipeline was under consideration, officials fully expected that production in the jungle would reach at least 200,000 b/day within a couple of years, and between 500,000 and 1m. b/day within five years or so. These predictions were not based on proven or probable reserves, or on any other solid evidence—simply on the fact that the first few wildcats drilled, both by Occidental and by Petroperu, had a higher than average success rate.

Even now there is still dispute and uncertainty over the size of the jungle reserves. The most reliable estimate so far

contracts, and to reserve remaining areas for Petroperu. By the time it became clear that the discoveries were the exception rather than the rule, it was too late—for a variety of reasons—to persuade new companies to come in, or even to persuade those companies already there to take on new blocks. The result is that there are still substantial areas in the jungle unexplored.

Oilmen, in fact, say that the geology of the jungle is such—with extremely large, simple structures—that a single dry

Oilmen say that the geology of the jungle is such that a single dry well drilled at the optimum point of a structure rules out the possibility of finding oil over a large area.

was made by the petroleum consultants De Golyer & McNaughton of Houston, Texas, who put total jungle reserves at around 400m. barrels—100m.-150m. on Occidental's block, and 260m. in Petroperu's areas.

Since there is no experience of production in the Peruvian jungle, the relation of proven reserves to economically recoverable reserves is also uncertain.

Two or three years ago, however, the initial drilling successes had a whole series of important effects. In the first place, they provided a big incentive for other foreign oil companies which came in on Occidental's heels to explore for oil in the Peruvian jungle. A total of 16 foreign companies or consortia, including British Petroleum, signed production-sharing contracts with the Government between 1971 and 1973. For all of them the exploration effort has turned out to be a complete write-off.

They spent between them around \$350m. on geophysical exploration and the drilling of nearly 40 wildcats. None of them made any commercial discoveries, and 15 have pulled out of the jungle. The U.S. companies hurried out by the fact that up to the end of last year they could still write off exploration losses against taxes. Three companies are still exploring in the southern jungle—Signal Oil and Clites Service, both of the U.S., and Andes Petroleum, a Japanese consortium—but after drilling three dry wells each, they too are winding up operations.

The early successes also, however, had a contrary effect: ironically, of limiting the number of foreign companies exploring in the jungle. In late 1973 the Government decided not to sign any more production-sharing

well drilled at the optimum point of a structure automatically rules out the possibility of finding oil over a large area (which is not the case, for instance, in the complex geology of Peru's north coast). While exploration so far has therefore indicated that the Peruvian jungle is not hiding vast reserves, and the remaining areas will gradually be explored by Petroperu, there might well be enough oil in the unexplored areas to have radically improved the economics of the pipeline in the early stages.

In the euphoria of the early days of Peru's jungle oil "boom," it seems that the Government did not seriously consider any alternatives to the pipeline. One possibility might have been a barge and tanker operation down the Amazon, a system which is at present being used for the export of about 10,000 b/day of jungle oil to Brazil. Even with these small volumes there have been all kinds of practical problems, so the cheapness of the system is impaired by the hold-ups. Oilmen say that such an operation could not be made efficient for the volumes that Occidental and Petroperu will be producing. It would in any case have been an unpopular alternative with the Government for strategic reasons, relying on river transport and on Brazil for a market.

At all events, the Government decided on far too large a pipeline. Most of the line is being built of 36 inch pipe, with an initial capacity of 200,000 b/day (which could be doubled with more pumping stations). Given the volume of oil so far discovered, 24-inch pipe would have been more than adequate. At one stage in the protracted negotiations over construction of

a feeder line from Occidental's fields to the main line, Occidental proposed a shorter feeder to Petroperu's fields, and from there on the two companies could share a 24-inch line to the start of the 36-inch line.

Eventually, early this year, it was agreed that Petroperu would build the feeder line, to run 140 miles from Occidental's fields to the main pipeline. This is expected to cost an additional \$100m. Petroperu has undertaken to complete it by the end of next year, though it could take longer. Once the whole pipeline system is in operation, probably some time in 1978, Occidental will be paying Petroperu a minimum annual fee of \$21.8m. for the use of it, which will help amortise some of the cost.

Meanwhile, construction work on the main pipeline is going well, and is expected to be completed by the end of the year—not too far behind the original schedule. The eastern section of the jungle, is being built by a consortium of Williams International, Seden Construction, and Horn International, all of Texas. Occidental, the western section, over the Andes and across the desert to Bayovar on the north coast, is being built by Technip of Argentina. Communication systems are being installed by Page Communications Engineering of Virginia, and the oil-boring jetties at Bayovar is being built by George Wimpey of London. Storage tanks for the whole system are being supplied by the Soviet Union, while a number of local contractors are involved in specific construction or supply jobs.

The financing is even more complex than the construction contracting. The interest rate loan is from Japan, at U.S.\$3.30m., which, together with some \$110m. in interest, is to be paid back in oil. As part of the whole deal, Japan also contracted for a steady supply of oil, 60,000 b/day for 1973-1984, and 80,000 b/day for a further five years. Since Petroperu will not have an exportable surplus of its own, it will have to buy the oil for Japan in the international market—though once the deal has been paid off it will be buying this oil to the Japanese under back-to-back contracts.

Apart from the Japanese loan, Petroperu received a \$100m. loan from the Central Bank of Iran, \$100m. from the Venezuelan Government, \$55m. from the Banco de Desarrollo of Argentina, plus a further \$100m. or so, partly in the form of supplies credits and partly from U.S., British and other commercial banks.

Petroperu has in addition spent over \$100m. on exploration and on the development of its own fields. Taken with a roughly equivalent amount spent by Occidental, the amount spent by other foreign companies on exploration, and the total expenditure on the pipeline, Peru's jungle oil will have required an investment of \$1,550m. by 1978.

Church campaign gaining ground

By Jurek Martin, U.S. Editor

WASHINGTON, May 27.

HE LATE blooming Presidential candidacy of Senator Frank Church from Idaho is starting to present some problems for those outsiders still in the race who oppose Mr. Jimmy Carter, the Democratic front runner.

Having won three primaries out of three so far, Mr. Church is now casting his eye firmly on one of the three major primaries to be contested on June 9—California and Ohio. An Ohio victory and a respectable performance in California, he feels, would legitimise his candidacy and make him a very viable alternative to Mr. Carter, whose march towards the nomination has missed some steps recently.

But this has already prompted some complaints from Congressman Morris Udall, the hitherto leading liberal candidate, who

has been trying hard to upset Mr. Carter in Ohio. Mr. Udall and Mr. Church, both selling the same liberal policies, have stayed out of each other's way in the last month of primaries, a tacit understanding which has helped undermine the Carter campaign.

Mr. Udall retained his habitual good nature this morning and said that he supposed he would have to take on Mr. Church as well. But there is the clear fear in the Udall camp that he and Mr. Church may simply divide the anti-Carter vote, leaving the former Governor as the top man in a three-way contest.

Similarly Mr. Church's California bid (his goal is 30 per cent. of the popular vote) is more likely to cut into Governor Jerry Brown's assured margin of

victory than it is into Mr. Carter's total. Mr. Church is to the left of Mr. Carter, while Mr. Brown's policies may best be described as elliptical when they exist at all. However the perception of Mr. Brown is that he is more liberal than Mr. Carter so it is conceivable (though not as certain as it is in Ohio) that Mr. Church and Mr. Brown will be competing for the same market.

In other political developments, the attempt launched two days ago in Sacramento by a Republican legislator favourable to President Ford to have the winner-take-all provision of the California Republican primary overturned has been dropped. Had it been pushed through, it would have immeasurably helped the President.

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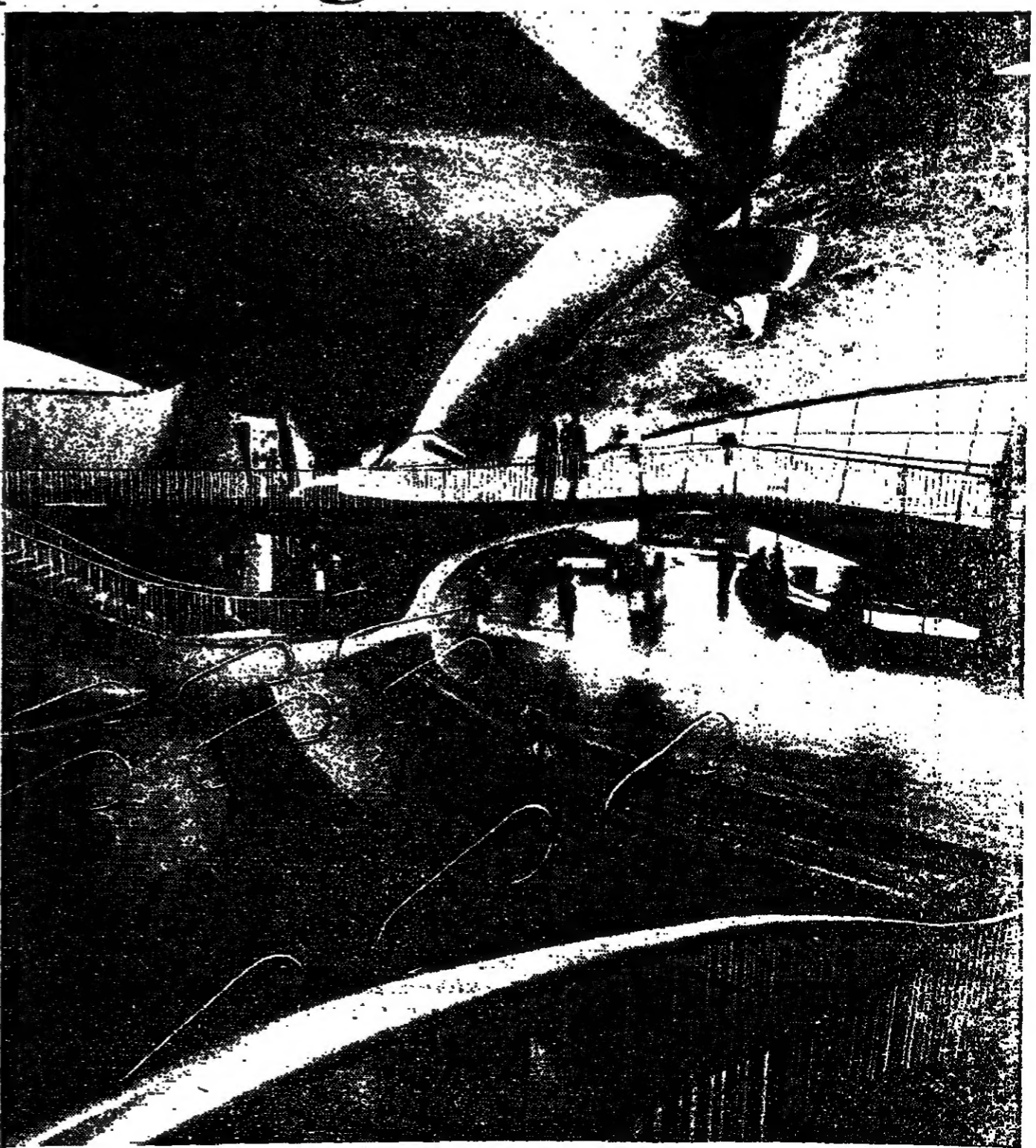
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EUROPEAN NEWS

Yugoslav's condemn E. German war claim

By PAUL LENDVAY

VIENNA, May 27.

Yugoslav newspapers have sharply attacked statements by the East German Minister of Defence General Heinz Hoffmann that Nato is preparing a nuclear war against the Soviet bloc, and that even a nuclear war could be "a just war for us" in the interest of socialism.

The view of Gen. Hoffmann that the mission of the armed forces goes well beyond the borders of the individual socialist country and involves collective readiness and ability of all fraternal socialist armies to defend the socialist community has clearly alarmed the Yugoslavs and also the Romanians.

Gen. Hoffmann, in a lecture at the Communist Party College in East Berlin, criticised "progressive forces in the international peace movement who hold that in the nuclear age a just war is no longer possible, that is that a nuclear war no longer represents a continuation of the policy of the class struggle but merely the nuclear destruction of the world."

He also said that Nato was preparing a nuclear war and that Central Europe has been "the most important region in the march against socialism."

Extracts of his speech were published in *Einheit*, the East German monthly periodical.

The military commentator of the Belgrade newspaper *Borba* said the East German claim was without foundation. "Given the current political and economic situation in the countries of Western Europe, it is difficult to conceive what interest and motivation the citizens of France, Italy, West Germany, Belgium and other countries would have in waging a war against the Warsaw Pact in general and the Soviet Union in particular." It was also difficult

to imagine what interest the people of the Warsaw Pact countries would have in waging a war against those countries.

The controversy has also aroused concern in Romania, Poland and Hungary, but it is only the Yugoslav Press which publicly warned against the consequences of Gen. Hoffmann's views.

The growing self-confidence of the Soviet bloc military establishment was also reflected in a speech made last week by the Bulgarian Minister of Defence, General Djonrov, who said that it was due to the remarkable change in the balance of power that despite protests about Soviet and Cuban aid to Angola, none of the western governments, including that of the U.S., dared take any action in support of the movement hostile to what he described as "progressive forces" in Angola.

Calls for inflation curbs in Spain

By Roger Matthews

MADRID, May 27.

THE DETERIORATION in the performance of the Spanish economy this year in comparison with its main Western trading partners was highlighted today when a group of deputies from the Cortes (Parliament) decided to send an urgent note to the Government demanding corrective measures.

They were particularly alarmed at the resurgence of a strong inflationary trend, with the official consumer price index up by an annual rate of 20 per cent during the first four months of the year.

During March and April alone, the index rose by over 4 per cent, and it is feared that the effects of the February peseta devaluation of 11 per cent against the dollar have yet to be fully seen.

Although the rise in the price of potatoes has undoubtedly strongly influenced the index during the past two months, it now seems impossible for inflation to be held at the 1975 rate of 14.1 per cent.

The Finance Ministry stated at the beginning of the year that it was expecting a further reduction in the rate of inflation by perhaps two or three points.

With wages tied to the cost of living index plus two points, a further inflationary spiral is expected when an important series of labour agreements are negotiated in the next few months. Coupled with the considerable political difficulties of arriving at any sort of "social pact", industrialists fear growing currency costs and a probable further increase in the number of unemployed.

Official, although unpublished, estimates of unemployment now put the figure at over 800,000—about 8 per cent of the active work force.

The return of Spanish workers from Europe, especially France and West Germany, together with the almost total drying up of emigration and the fall off in industrial investment, indicate that the jobs total may continue to rise at least for the rest of this year.

Increased Government spending on public works and housing projects is not expected to do more than prevent a steeper increase.

However, it is the balance of payments that is causing the keenest anxiety in most economic circles in Madrid. Expressed in dollar terms, exports showed an 11.4 per cent drop in April, compared with the corresponding month last year, while imports, which could be expected to rise on signs of industrial revival, fell away by 15.1 per cent.

The Vatican prepares for Italy's June elections

A special relationship

By ANTHONY ROBINSON IN ROME

RELATIONS between Church and State have never been easier in Italy, particularly since the country achieved unity in 1870 at the expense of the temporal power which the papacy had held for centuries ever a large part of central Italy.

Until 1913 the Church forbade Catholics to vote in general elections. Then the rise of Socialism provoked the papacy into relaxing its former strict limits on Catholic participation in Italian political life. After the First World War the position relaxed still further, and the Vatican allowed the formation of the Catholic Partito Popolare.

It disappeared along with the other political parties upon the advent of Fascism. Formal relations between Church and State were subsequently codified under the terms of the Lateran Pacts of 1929. The Pacts recognised the Vatican City as a Sovereign State, provided financial compensation for the loss of the papal territories, introduced religious education into secondary schools and "recognised the civil effects of the sacrament of marriage, regulated by canon law."

The most full-blooded entry of Catholics into a key role in Italian political life came with the emergence of the Christian Democrat Party as the major political party of post-war Italy.

Early leaders like Sig. Alcide De Gasperi insisted on the non-confessional nature of the party and rejected several attempts by the Vatican to intervene directly in political affairs.

But the party also included a substantial number of Catholic "integralists" who emphasised the Catholic nature of the party. Furthermore, because of the status of Rome as the centre of the Universal Catholic Church, the Vatican has always claimed a special interest in Italian politics, which it does not claim in other Catholic countries like France, for example. This claim, which has been contested by a large number of Italian opinion whose idealism can be summed up by the phrase "free Church in a free State" coined by Camillo Cavour.

The Church is worried by the challenge posed by the possible advance of Marxist-oriented Socialist and Communist parties at the forthcoming general and regional elections. It is the decision of a small group of Catholic intellectuals to stand as independent Parliamentary candidates on the electoral list of the Italian Communist Party, which has been the Church's underdog ally since the 1948 elections, that has caused the most concern.

In practice this is a conclusion already reached by millions of formally Catholic Italians who have for years regularly voted and worked for parties other than the Christian Democrat one. In 1969 the Holy Office formally excommunicated those who, in

bad faith, voted for the Marxist parties. This decision has never been revoked. But in practice it has not stopped millions of Left-wing voting Italians from marrying in church, having their children confirmed and going to communion.

It should be remembered that the Christian Democrat Party has never been a purely religious party and much of its support comes from those who vote for it for class or private interest reasons rather than religion. These voters can be expected to remain indifferent to the religious aspect of the problem, unless the latest appeal by the religious authorities irritates rather than confirms their intention to continue voting Christian Democrat.

The decision of a handful of prominent Catholics to move over to the Communist Party list seems a rather extreme move. They justify their actions in part because of their belief in the need for continued dialogue between Christians and the religious aspect of the problem, and in part because of the second Vatican Council under Pope John. This dialogue has been damaged by the frontal opposition of the Christian Democrat Party and the Church hierarchy both to the Communist proposal for an "historic compromise" between Catholics, Socialists and Communists, and by the current election platform of a broad alliance between all democratic forces.

But for the Communist Party the presence of Catholics as independents on the electoral list means that in effect the PCI can already claim that part of the Catholic world is already prepared to deal with them.

This raises the question as to how effective in political terms is the new call to order of the Catholic Church, likely to be the backing which the Catholic Church gave to the Christian Democrat Party in the 1948 elections was a major factor in that party's triumph and the defeat of the Communist-Socialist popular front. But those elections took place in a recently defeated and heavily damaged country, at a time of severe international tension and at a time when the Catholic Church represented not only a bulwark against Communism, but a valuable link with the outside world.

In the intervening 28 years Italy has been continuously hit by great power tensions and the evolution of the Italian Communist Party has rubbed the starker edges off the electoral coalition. After 30 years in power the Christian Democrat Party has lost much of its attraction. The weight of its own record of retaining power at the referendum in May 1974 showed to what extent Italy has absorbed modernity, its attitudes. But the domestic and international implications which would be passed by a further Left-wing advance still weigh heavily over the Italian political situation.

Schmidt talks in Turkey

By Metin Muncir

ANKARA, May 27.

A FORMULA for defusing tension between Turkey and Greece and reviving the south-east flank of Nato are the main goals of West German Chancellor Helmut Schmidt who started a two-day official visit here today.

Diplomatic sources said that in the economic field, Herr Schmidt will try to create a more receptive atmosphere for German private capital which wants to use Turkey as a spring-board for the Middle East and the Gulf.

The Chancellor made clear on his arrival that his main purpose is to bring about a rapprochement between Turkey and Greece.

Turkish Prime Minister Süleyman Demirel, whom he met for three hours today, is averse to foreign intervention in Turco-Greek disputes. But he was expected to listen attentively to Herr Schmidt because Bonn is Ankara's staunchest supporter in Europe.

France to tighten merger laws

By RUPERT CORNWELL

PARIS, May 27.

THE FRENCH GOVERNMENT has adopted a draft Bill aimed at tightening the country's somewhat slack control over mergers, monopolies and illicit cartels.

The proposals approved by the Cabinet this week have little of the severity of legislation existing, for example, in the U.S. It would be surprising if they did, for France has long had a highly ambiguous attitude to such problems and has often pushed through extreme concentration in the supposed overriding interests of the national economy.

The controls in any case will be selective rather than automatic. "Horizontal" mergers—involving companies at the same stage of the production process—may only be forbidden when the new group accounts for at least 40 per cent of the domestic market. For "vertical" mergers, the danger point has been put

at 25 per cent.

Even then, the regulation which will be supervised by a revamped Competition Commission made up of legal and economic experts has been tailored so that deals promoted for the higher national good may go through unhindered.

The Commission will however have retrospective powers to break up groups already constituted as well as to lay down certain stringent conditions before giving approval in a particular case.

For cartels the existing penalties have been doubled for individuals: to a maximum of four months imprisonment and a fine of up to Frs.400,000 (247,000). Companies involved may now be punished with fines of up to Frs.5m, or alternatively of 10 per cent of their turnover.

In a sense the draft Bill shuts

the stable door after the horse has bolted. The big wave of industrial reorganisation in France took place in the late 1960s and early 1970s, since when the biggest mergers have most often (as recently in the computer section) been special cases.

The stiffer treatment intended for cartels also looks very much a counterweight for the more liberal line the Government is taking on industrial prices and margins, and it coincides with the announcement of plans to improve the protection of the consumer in France.

One intriguing aspect is the effect that the proposals might have on the long-running scandal of price fixing and market sharing by the major oil refining companies operating here, which despite the effort of both industry and Government, obstinately refuse to lie down.

Record Italian payments deficit

By ANTHONY ROBINSON

ROME, May 27.

THE RAPID deterioration in the Italian balance of payments, which lies behind the recent decision to impose the 50 per cent import deposit scheme, has been confirmed by the April figures which show a deficit of L702bn. This brings the total deficit for the first four months up to a record deficit of L1,238bn, compared with a deficit of L1,98bn over the corresponding period of 1975.

The April figure is in fact smaller than the record deficit of L903bn registered in March but well up on the L1,81bn deficit in January and L342bn in February.

The deterioration started in October with the first signs of consistent stock rebuilding in the face of a revival of industrial output which has accelerated over the first part of the year.

Industrial output in March, for example, was nearly 14 per cent higher than the same year ago.

But the revival of imports to feed this restocking and higher industrial activity contributed to that pressure on the lira, which led to closure of the official exchange market on January 20 and the subsequent massive devaluation of the lira which followed. The lira is now around 240 to the dollar compared with a low point of L916 last month.

But the effect of lira devaluation has been a major factor behind the deterioration in the balance of payments.

The first months of the year are seasonally the worst period for the lira while the positive side of the J-curve effect on higher exports should start to raise export receipts alongside

tourist income in the coming months. At the same time, the pressure on imports has been substantially reduced by the import deposit scheme itself. This, however, is due to expire at the beginning of August, unless prolonged.

Reuter wires from Athens: Belgian Premier Leo Tindemans today became the latest Common Market leader to warn Italians against voting Communist in next month's general elections.

Receiving this year's Charlemagne Prize for his contribution to European integration, he said in a clear reference to Italy: "Barbaric single generation after World War Two, free men in Europe feel themselves once again drawn to totalitarian ideologies which promise ideal systems, progress and order."

Carvalho will stand for president

By Paul Eilman

LISBON, May 27.

MAJOR OTELO Saraiva de Carvalho, the Bambyouk officer who co-ordinated Portugal's April 25 coup two years ago, today declared he was a candidate in next month's presidential elections.

Major Saraiva de Carvalho made his announcement at the first Press conference he has given since he fell into disgrace for his alleged part in the abortive Left-wing military uprising last November.

The Major, then a Brigadier, was stripped of his post as head of the now-disbanded internal security command, Copcon, and as military Governor of the Lisbon region, following the crushing of the rebellion. He still faces charges for the part he allegedly played.

Otelo, as he is widely known in Portugal, made great play of the part he played in bringing down the Right-wing dictatorship in 1974, denouncing now "the responsibility which caused the overthrow of the Fascist régime which was oppressing the Portuguese people."

He made clear that in spite of the fact that Portugal now has a formal parliamentary system of government, that he still believed in an alliance between the people and the armed forces which would be based on a structure of local and regional groupings.

Although Major Otelo said he would prefer not to comment on other candidates for the presidency, he made some sharp remarks, clearly directed at General Ramalho Eanes, the army chief who was responsible for crushing last November's uprising and the current favourite for the presidency.

"History will denounce November 25 as an enormous machine designed to deviate the revolutionary process from the line of justice imposed upon it by the working classes and generous and progressive military men," he affirmed.

Asked whom he was referring to, Major Otelo said the truth was in the hands of military authorities and "is not for me to say."

He said he believed foreign interests would try to prevent him from winning but indicated that should his campaign succeed, he would as President go along with a plan by Dr. Mario Soares, the Socialist leader, to form a minority government.

Asked why he thought the Communist Party had put forward its own candidate, Sen. Ocarvio Pato, Major Otelo said he was not interested in party support.

Polish farmers fear land takeover Bill

By OUR OWN CORRESPONDENT

WARSAW, May 27.

A BILL providing for compulsory purchase by the State of inefficiently farmed land is present being discussed by the Polish Parliament is causing alarm among farmers and threatens to disturb the measure of trust built up between the authorities and the private sector, which at present accounts for some 80 per cent of the land farmed in Poland.

The Bill, the aim of which is to put the land into the hands of farmers who achieve good results, be they State, co-operative or private, is part of a Government policy which faces the problem of smallholdings—40 per cent of private holdings are below five acres; an ageing population—135,000 private owners are 55 years old or over; and overmanning—some 30 per cent of the population works on the land.

The policy hopes to achieve at some time in the future the establishment of a strong State-owned sector and about 1m. private-owned farms of about 40 to 50 acres each, tied to the State by produce delivery agreements. Its success depends, however, on the confidence of the farmers themselves, and those who stay on the land and achieve high production results will not lose their farms to the State at some time in the future.

Again, critics point out that as the authorities themselves admit, attempts to increase production are to a large extent dependent on supplies of farmers of agricultural machinery, fertilisers and pesticides and therefore independent of the farmer's own efforts.

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New move on Irish pay deal

By Giles Merritt

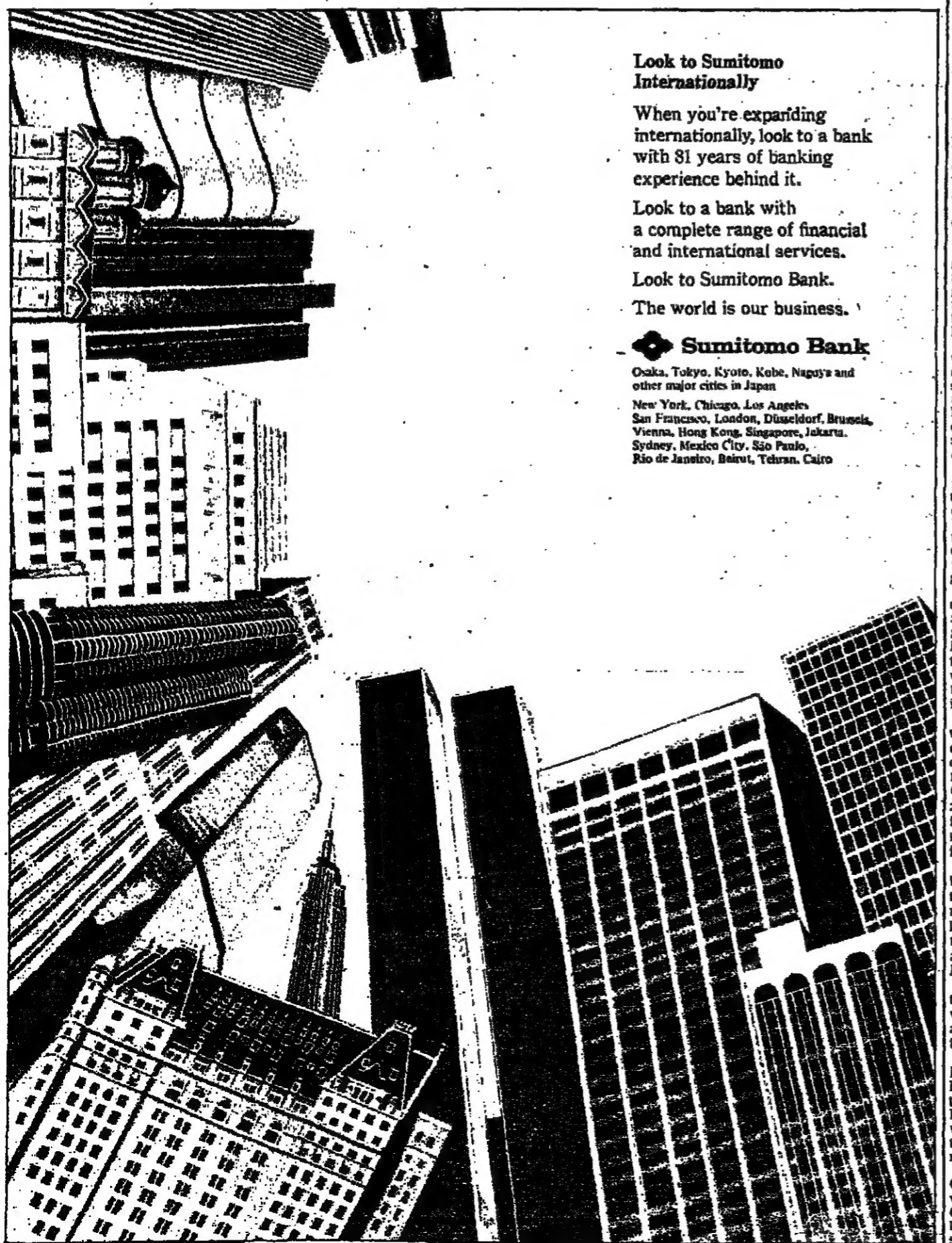
DUBLIN, May 27.

THE IRISH Government has climbed down from its position of refusing to guarantee public sector wage increases in the hope of breaking the deadlock on a 1976-77 national pay agreement. The alternative would have been to face a steadily mounting number of strike disruptions by trade unions.

The two senior civil servants representing Mr. Liam Cosgrave, coalition Government at the negotiations have, therefore, now indicated that application of the controversial 15 per cent national pay deal to public sector employees will not be blocked or postponed.

The Government's decision to oppose the wage agreement originally reached at Easter, between trade unions and employers, follows a spate of threats by unions. Both Office workers and the bulk workers in the construction industry have recently served notices of heavy wage demands.

Although the chances of national agreement are now considerably brighter than when the Dublin Government appeared ready to dig in its heels and withstand all demands of settlement that would be seriously inflationary when compared with Britain's, a mass of stumbling blocks do remain.



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Judo team 'harassed'

By REYKJAVIK, May 27.

AN ICELANDIC judo team has returned from a visit to the Soviet Union with allegations of police harassment which the group leader said made him "shudder at the thought of the Olympics in Moscow in 1980."

They alleged ill-treatment including being pummelled out of their beds, accusations of debt, lengthy interrogations, and threats that they would be unable to leave the country.

The Judo Union of Iceland has formally complained to the European Judo Union. Its president, Mr. Eysteinn Thorvaldsson, who led the judo party, said "I will propose that Iceland shall refrain from participation in the Moscow Olympics."

Royal walkabout

TURKU, May 27.

THE QUEEN and her husband, Prince Philip, today strolled along the streets of a museum village set in the heart of this south coast city on the third day of a four-day State visit to Finland.

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OVERSEAS NEWS

Syria renews UN mandate

BY LOUIS FARES

R. KURT Waldheim, the U.N. secretary-general, announced today that Syrian President Hafez Assad had agreed to renew the mandate of the U.N. Truce Supervision Organisation in the Golan Heights for a new five-month term "without any political concession or condition."

There are no problems about

the renewal. Dr. Waldheim said shortly before leaving Damascus for New York, where he is due to attend the Security Council meeting to-morrow on the mandate renewal.

Dr. Waldheim spent 24 hours in Damascus during which he conferred twice with the Syrian President. He qualified his talks here as being "necessary and constructive in a very cordial atmosphere." Asked if

President Assad has put any condition to the renewal, the Secretary-General said: "No, he has only put a few questions to me, as President Assad is very keen to keep the peace momentum in the Middle East in motion."

Some sources suggested, however, that Dr. Waldheim must have given pledges to press for a new breakthrough in the present stalemate.

DAMASCUS, May 27.

Reported cuts in Damascus budget

BEIRUT, May 27.

SYRIA HAS sliced more than one-third off its ambitious 1976 budget after Iraq stopped pumping oil and Saudi Arabia halted aid payments, according to well-informed Arab sources here.

The cut will deal a serious blow at Syria's development plans. The sources said Damascus also faces a daily bill of \$100,000 (more than £100,000) for its operations in Lebanon where there are 40,000 Syrian troops.

President Hafez Al-Assad's decision to accept the cuts reflected his determination not to be forced into a position where either Riyadh or Baghdad could dictate his policy, observers said.

The budget will drop from more than \$5.10bn. (about £1.3bn.) to around \$3.5bn. (about £850m.), the figure originally earmarked for development alone, the sources said.

No details are available of how the cuts will be applied, but they are expected to fall most heavily on the development programme.

The sources said that Saudi Arabia, which has tried so far in vain to reconcile Damascus with Cairo, had stopped payments in the past few months which were due to Syria as a State in confrontation with Israel.

Whites leaving Rhodesia in increasing numbers

BY TONY HAWKINS

SALISBURY, May 27.

AS OFFICIAL figures reveal there had been higher net losses in the past—with a net outflow of 11,000 in 1963 and 8,710 in 1964.

Observers here point out that these figures refer to the period of federal dissolution when many whites, previously employed by the federal Government, left the country. There is no denying the gravity of the situation and the announcement will adversely affect business and individual morale.

At its congress the party will debate a call for "urgent steps" to remove racial discrimination and is expected also to accept a resolution calling for an all-party constitutional conference.

Moves to secure the abolition of racial discrimination received a boost to-day when a group of young professional men and women launched the "national pledge" campaign which aims to collect signatures from the majority of Rhodesia's white adults in favour of the elimination of racial discrimination.

The campaign is likely to be backed by the Rhodesia Party congress and will—if it is successful—bolster Mr. Smith's own position in the Government where disagreement is reported within the ruling party over the report of the Commission of Inquiry into Racial Discrimination. The report is due to be published before Parliament meets again on June 22.

Date for 'Callan' trial

BY OUR OWN CORRESPONDENT

LUANDA, May 27.

THE TRIAL of 13 British, American and Irish mercenaries against the Angolan civil war, will be broadcast and televised.

All but one of the defendants will have Angolan defence lawyers, according to a statement in Luanda yesterday by Justice Minister Diogenes Boavida.

One defendant will be represented in the trial by a British lawyer, Senhor Boavida added.

Seven volumes of case papers against the mercenaries, copied during the Angolan civil war, have been prepared and will be sent to the court, he said.

Of the defendants, nine are British, three are American and one is Irish. One of the mercenaries, Costas Georgiou, known as "Colonel Callan," was alleged in British press reports to have arranged the execution of 14 mercenaries for refusing to go into combat.

Transkei plan goes ahead

SOUTH AFRICA has announced formally it will cede a small portion of its territory to a black homeland on October 28 as a showpiece of its "new" policy, UPI reports from Capetown.

Black Africa and the United Nations already have indicated their rejection of the programme. Constitutional experts also said Pretoria plans to abandon its obligations to 1.5m blacks who will be denied South African citizenship rights under an Act of Parliament, published on Wednesday, granting independence to the Transkei.

South Africa plans to make about half of the "white" republic's 17m. African population belong legally to these newly-created black states that eventually will not be part of the white republic.

Japanese production

Japan's mining and industrial production index, base 1970, rose 2.2 per cent in April to 123.2, preliminary and seasonally adjusted, from a revised 122.5 in March, the international trade and industry ministry announced. Reuter reports from Tokyo. The April index was up 15.1 per cent from 108.5 in April 1975.

Typhoon toll

Relief agencies yesterday rushed food and clothing to thousands of flood victims stranded in rising floodwaters caused by a typhoon in the central Luzon area north of Manila. Reuter reports from Manila. So far 200,000 people have been evacuated from flooded homes and nearly 100 people were reported dead.

Tensions ease in the Lebanon

BY HSIAN HIAZI

BEIRUT, May 27.

AN ANNOUNCEMENT in table negotiations within one week.

Mr. Sarkis, dubbed "the quiet man," has not spoken publicly since his intentions, but, his silent diplomacy has received praise from political and press quarters.

At this stage, Mr. Sarkis, informed sources said, is seeking a national and home-grown solution to the crisis, falling which he would consider outside assistance. He was reported to have already urged France to freeze

Gunmen broke into the home of Left-wing leader Kamal Jumblatt's sister to-day and shot her dead, according to sources close to the Socialist Party chief. Reuter reports from Beirut. Two of her daughters were injured. It was the second such attack in three days involving a leading political figure or a member of his family.

Mr. Sarkis has moved into the Shia of a friend on the Muslim side where he received a number of Muslim and Left-wing leaders, and was meeting with the Grand Mufti of Lebanon, Sheikh Hassan Khalid, and Imam Musa U-Sadre, the spiritual head of the Muslim Shia community.

The President-elect was also holding a separate meeting with a separate leader Mr. Kamal Jumblatt to discuss the proposed conference on national reconciliation. Press reports said Mr. Sarkis hopes to arrange a more stable ceasefire and round-

her offer to send troops to Lebanon.

Mr. Pierre Gemayel, the leader of the right-wing Christian Phalangist Party, said to-day that help should be sought from the UN and the Arab League. He urged Arab League Secretary General Mahmoud Riyad to make use of the presence in the area of Dr. Waldheim to discuss how the UN and Arab League can jointly assist in finding a way out of the Lebanese impasse.

He expressed dismay over statements made a few days ago by commando leader Abu Yusef, the second in command to Mr. Yasser Arafat. Mr. Abu Yusef said that the road to the liberation of Palestine passes through the main right-wing stronghold.

Bank move on Japan tax

BY PETER DUMINY

TOKYO, May 27.

TOKYO HEADS of all banks of their 1975-76 and subsequent income tax under a new formula which is believed to add \$100m. a year to taxes paid by the 51 foreign banks combined.

They were previously allowed to use Eurodollar rates to calculate the cost of dollars brought into Japan (which, for most of the foreign banks, means the cost of at least half of their total funds), but now face the prospect of having to work on U.S. Federal Reserve Board rates which are significantly lower.

Some bankers are reluctant to join forces for fear of upsetting the tax authorities, but the majority view is that the banks have nothing to hide and that the recent policy switch calls for explanation at the highest level. The fact that the Tax Bureau is calling for documentary evidence which is to the possession of overseas head offices also appears to give foreign Governments a direct interest.

Nuclear energy plans announced

BY OUR OWN CORRESPONDENT

TOKYO, May 27.

TWENTY year and \$8.4bn. and design for Japan's nuclear energy requirements was published to-day by the Natural Resources Agency part of the Ministry of International Trade and Industry.

The plan covers acquisition of uranium oxide (both under long-term contracts and also envisaged that the Japanese capital will open up new overseas mines), production of spent fuel, and development of more efficient methods of nuclear waste disposal.

It is expected that Japan will be importing 8,900 tons a year of uranium oxide under long-term contracts by 1980, rising to 21,700 tons by 1985. A new mine which would serve Japan and be commissioned by agreement with host Governments, would deliver 1,100 tons by 1980 and 7,100 tons by 1985.

Enriched uranium requirements expected to reach 12,000 tons (SWU) by 1985, with the percentage of domestic enrichment rising from 2 per cent. (of 2,350 tons) in 1980 to 33 per cent.

Sudan concern on Eritrea

BY JAMES BUXTON

THE SUDAN Government is deeply concerned about the threat by the Ethiopian Government to settle the problem of the secessionist guerrillas in Eritrea by force and fears that conflict could spill over into north-eastern Sudan. Large numbers of troops are believed to be stationed near the Eritrean border and there are reports that a reliable source that President Nimeiri has told the Ethiopian Government that Sudan might have to intervene militarily if it felt its interests were threatened.

Although Sudanese sources in Sudan would not confirm the report President Nimeiri made in a speech earlier this week that it could not allow its security to be threatened by the conflict in Eritrea. It is believed to have between 5,000 and 7,000 troops stationed along the Eritrean border between the town of Kassala and the Setit River.

The Ethiopian Government is sending a force of between 20,000 and 40,000 armed peasants to Eritrea to assist the 12,000 or more troops already there, while at the same time it has held out a highly conditional offer of talking talks which could lead to some measure of autonomy for different nationalities in Eritrea.

There are at least 100,000 refugees from Eritrea in north-eastern Sudan and the oil-rich Arab States which back the two guerrilla movements in Eritrea (the Eritrean Liberation Front and the People's Liberation Forces) generally channel their arms and supplies through Sudan. In March this year the Khartoum Government complained to Ethiopia about the overflying of Sudanese territory and attacks on vehicles by the Ethiopian Air Force.

Sudan has tried to mediate between the Ethiopian Government and the guerrillas and is known to fear that if it gives too much overt support to the guerrillas it risks the possibility of the Ethiopian Government igniting trouble in southern Sudan, where a 17-year civil war ended in 1972, but where there have been isolated incidents of discontent in the last two years. Nevertheless about half the population of Eritrea are Muslims and Sudan itself is heavily dependent financially on the goodwill of the rich Arab oil-producing countries. Two days ago President Nimeiri appealed to both sides in Eritrea to end the conflict but added: "Sudan cannot ignore this bloody conflict which is knocking on its eastern gateways and dragging inside its borders the sorrows of war."

Gas AND THE COST OF LIVING.

Gas is not cheap. But the fact is that increases in the price of gas have consistently been kept well below the rise in the cost of living.

For instance, over the last nine years, a typical domestic gas bill will have risen by little more than half the increase in the Retail Price Index, and most people's incomes have, of course, gone up even more.

So that gas is much better value for money today than it was nine years ago—both in relation to incomes, and to the price of other goods and services.

How has this been achieved?

In the first place, Britain is fortunate in having her own indigenous supply of natural gas in the North Sea. And the gas industry had the foresight to press ahead at full speed with the necessary programme of work and investment to enable its customers to enjoy the benefits of this efficient, inexpensive form of energy.

The savings that natural gas has brought mean that most families now spend a smaller percentage of their income on their gas bills than they did nine years ago.

In view of the rate at which the cost of living has risen over the last few years, it may be of some comfort to know that gas prices at least have risen more slowly than most.

HOW YOU CAN SAVE GAS AND MONEY

- 1 Use your central heating time clock sensibly
- 2 Turn your thermostat down a degree or two
- 3 Turn off unnecessary radiators
- 4 Insulate your roof space and hot water system
- 5 Have your gas equipment properly maintained and serviced
- 6 Ask at your local showroom for further information about how to save gas—and save money



BRITISH GAS

HOME NEWS

Slight recovery in engineering industry orders

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE LATEST Department of Industry statistics support the view that demand in the engineering industry began to revive in the first few months of this year.

But, in spite of a partial recovery, the flow of new orders was well below recent sales, and as a result, the industry's order-hand fell by 5 per cent. between November and February.

This left order books at their lowest level in real terms since the statistics were first compiled in their present form in 1969.

'Patchy' effect

The figures published today in Trade and Industry magazine show an increase of 4 per cent. in home new orders between November and February, while export orders improved by 1 per cent.

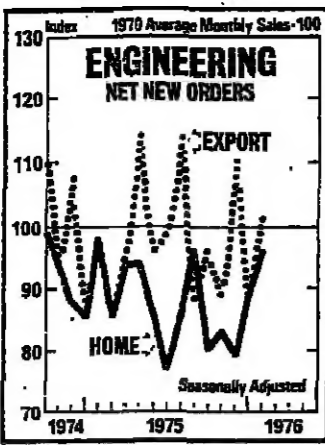
Because of the diverse nature of engineering, this modest improvement is far from widespread in the industry.

The "patchy" effect was highlighted in this month's CBI Monthly Trends Enquiry, which reported that the electrical engineering industry seemed to be picking up at a relatively earlier stage than usual in the demand cycle.

On the other hand, some sectors of mechanical engineering industry provided the main exception to the otherwise encouraging picture presented by the CBI. But even there the fall is slowing down.

The Department of Industry statistics show home sales from the industry continuing the downward trend which has been a feature of recent months. The fall was 3½ per cent. between November and February.

The Department points out, particularly in the capital goods



sector—for new engineering orders to be translated into deliveries, it may be some time before any substantial improvement in domestic sales is recorded.

In line with the view that it will be an export-led recovery, export sales remained relatively high over the three-month period compared with home market sales and were up by 1½ per cent.

Bank holiday sailings

TOWNSEND Thoresen will have more than 180 sailings between Britain and the Continent over the Spring Bank Holiday. Nearly 180 sailings will be made on the Dover-Calais and Zeebrugge routes.

Another 32 departures will be on the Southampton-Le Havre and Cherbourg services, and 24 crossings will operate between Felixstowe and Zeebrugge.

Late rush to collect consumer licences

BY MICHAEL BLANDIN

A LAST-MINUTE rush of applications for licences under the Consumer Credit Act is bringing pressure on the Office of Fair Trading.

A number of companies and organisations could be in danger of not having their licences in time for the official date of August 3. After that, those covered by the present phase of licensing are technically liable to prosecution if they trade without a licence and are subject to substantial penalties.

The OFT, responsible for implementing the Act, has been receiving about 1,000 licence applications a day.

There have been about 9,000 applications, well short of the 18,000 expected at this stage. The official closing date for applications is Monday, and it is clear many will be late.

The OFT will continue accepting applications after then, but is concerned that some licences may not be ready in time. Perhaps as many as 2,000 organisations and individuals will fail to apply.

The present phase of licensing is the first of three up to September next year. Licences are now being issued to cover credit reference agencies, debt collecting, adjusting and counselling. It is expected some 100,000 licences will be issued in all the categories covered by the Act.

At the same time the Director-General of Fair Trading has issued the second group licence under the Act (the first covered solicitors) aimed to cover a special situation and avoid duplication of licences.

Energy consumption shows increase

BY RHYD DAVID

ENERGY CONSUMPTION was about 1.5 per cent. up in the first quarter of this year, the equivalent of about 1 per cent. if the slightly colder weather compared with last year is taken into account.

The increase, revealed in the statistical bulletin on energy trends from the Department of Energy, has come about entirely as a result of increased natural gas consumption compared with the first three months of last year. Coal consumption remained broadly the same and petroleum consumption fell marginally.

Total gas consumption in the period was 19.1m. tons coal equivalent, compared with 16.7m. in the first quarter of 1975, and is producing about half as much energy as coal or petroleum. In the first quarter coal consumption was 34.5m. tons and petroleum 36.9m. tons.

Output of deep-mined coal was still falling, with production in the three months February to April 30.2m. tons against last year's 32.5m. tons. This decrease of nearly 7 per cent. has been partially offset by an increase of 11.5 per cent. in open-cast production. The colliery labour force is declining. The total is 7,000 down on the same period last year, at 243,000 men, and 2,000 have left this year.

Average output per man-shift fell to 44.58 cwt. in April, compared with 46.30 cwt. in March and 46.39 cwt. in February. The average for 1975 was 44.82 cwt. per man-shift, and for 1974 was 42.88.

The petroleum statistics reflect the continued weak demand for fuel oil, with output in the first three months down 12.5 per cent. on last year. Output of motor spirit was up by 9.3 per cent. The big drop in crude oil imports in 1975, as a result of reduced demand, particularly for fuel oil, resulted in a reduction of some £400m. in imports, a new table included in the bulletin shows.

Mr. Anthony Wedgwood Benn, Secretary for Energy, said in a

written Parliamentary reply yesterday that the Government had accepted the advice of the gas and electricity industries, consumer bodies and staff representatives against merging showrooms operated by the two boards.

Mr. Benn said he had accepted the recommendation that where one proposed to close an unprofitable showroom, the possibility of maintaining some service through the showroom of the other should be considered.

At the end of February, nearly a quarter of RICS estate agents reported sale prices on average 5 to 8 per cent. higher than six months previously.

This was not necessarily the start of an accelerating trend in prices, it remained well below the general rate of inflation, while the majority of agents reported prices rising at a rate of only 4 per cent. or less.

Since most property values had fallen behind building costs over the past few years, some price rises were essential to encourage new building.

The RICS hoped for a "gentle and necessary adjustment to more realistic prices" but believed that the market, now that prices had shown signs of accelerating, must be watched closely.

As a percentage of the U.K. total investment in England was 82.3 per cent. in 1974, but was running at a consistent 80 per cent. during the first three quarters of last year.

Scotland, with 8.4 per cent. in 1974, averaged 10 per cent. in the three quarters, and the Welsh 1974 figure of 6.1 per cent. rose to more than 7 per cent.

Within the English regions, the third quarter figures show a continued growth of the shares of the North region and Yorkshire and Humberside.

Factory closes

TRIMFOOT, the children's shoe factory at Norwich which employs 51 people including 38 women, is closing today due to lack of orders.

House price rise 'best since 1973'

Financial Times Reporter

HOUSE PRICES have produced their most positive upward movement over the past few months since May 1973, according to a survey of England and Wales by the Royal Institution of Chartered Surveyors in conjunction with the Department of the Environment.

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Consumer body urges flat rate for home fuel bills

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE STANDING charge of domestic electricity and gas bills should be replaced by annual fuel price review and deposits should no longer be regarded as a pre-condition of reconnection nor as a punishment for late payment.

The NCC was asked in December to examine the question of energy prices in relation to low income families. The full report, which covers only domestic tariffs, will be published this year.

Among alternatives to the present system of charges examined by the NCC was the question of inverted tariffs which favour the smaller user. But the report concludes that the disadvantages of this system could outweigh the advantages, and it would be too difficult to operate in practice.

The Government has accepted the advice of the gas and electricity industries, and of their consumer bodies and staff representatives, that electricity and gas showrooms should not be merged. Mr. Tony Benn, Secretary of State for Energy, said. He also accepted that "where one of the industries has to close an unprofitable showroom, the possibility of maintaining some service through the showroom of the other industry should be considered."

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Insurance: foot-in-door tactics hit

By Eric Short

HIGH-PRESSURE techniques in selling insurance were attacked last night by Mr. Stanley Clinton Davis, Under Secretary of State for Trade, when he addressed Birmingham's Life Insurance Association.

"There were still sellers of insurance who attacked greater importance, the training in high-pressure sales techniques than to knowledge of insurance."

Their activities figured prominently in letters he received from the public who had been tricked or hoodwinked into buying policies they did not understand and did not want. Such salesmen did much damage to the life insurance industry.

Mr. Davis added that the Government had made regulations under the Insurance Companies Act, 1974 about disclosure of connections between intermediaries and insurers and he was talking with the industry about regulations for insurance advertisements.

This was as far as the Government could go under the Act and it was widely agreed that there needed to be more general improvement of standards among insurance brokers and intermediaries.

Referring to the need to make trade unions more representative and more responsible, he said: "There are many ways to achieve this, but from experience we believe that a head-on attack would be much more likely to divide the nation than to bring about such changes."

Yesterday's speech, Sir Campbell's last major public address before he retires next month, was a surprise.

He added that, as long as it was necessary to have restrictive policies on pay, those policies must be based on consensus if they are to succeed.

"For that reason we did not join in the critical chorus when the Chancellor announced his Budget proposals. If those measures can help bring about that consensus, then they deserve what support we can offer."

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THE CHAIRMAN'S LECTURES NO. 5
18th MAY 1976

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'The prospects for future growth in Southern Africa?'

The Chairman's Lectures have established themselves as a means whereby world figures can make known their views on matters of current or long-term importance. On 18th May Mr. Harry Oppenheimer presented an insight into the future of Southern Africa.

Mr. Oppenheimer noted that South Africa's past growth has been marked by stable political and economic conditions virtually unique in the African continent.

"They would attract the respect and admiration of the world were they not overshadowed by the fact that the majority of people... the black people... do not share equitably in the opportunity or wealth of the country."

Mr. Oppenheimer said that virtually all thinking people in South Africa agreed that this state of affairs cannot be allowed to continue but added that what is not so clearly appreciated is the real anxiety felt by white South Africans—particularly liberal-minded white South Africans—that removal of discrimination against the blacks might involve the destruction of

normal parliamentary government and of the free-enterprise system. He emphasised his view that the maintenance of parliamentary government is much more important than the attainment of full democracy. The suggested alternative of a one-party state as a special African form of democracy would be unacceptable to both white South Africans and white Rhodesians and would not benefit the black majority.

Mr. Oppenheimer stressed that racial peace and economic growth in South Africa depend on bringing racial injustices and discrimination to an end. This clearly cannot be brought about overnight but he warned that time was running short and it was necessary to embark, without delay, on a programme for dismantling

discrimination, giving clear proof of a sense of urgency.

Mr. Oppenheimer reviewed changes in white attitudes in industry and politics and added:

"What is important is that right across the spectrum of political opinion there is a greater sense of urgency in regard to racial relations, a sharpened understanding that our present situation is dangerous and unjust and a new determination to put things right and by doing so to regain for South Africa a respected position both on the African continent and in relation to the Western democracies."

Mr. Oppenheimer concluded: "The human and material potential for growth and for human happiness in Southern Africa is enormous. Our problems are not in our natural conditions but in the minds of men."

Copies of the complete text of this lecture are now available from the Public Relations Office, The Stock Exchange, London EC2N 1HP.



THE STOCK EXCHANGE

مكتبة الأصيل

Slight fall in stocks of bricks

FINANCIAL TIMES REPORTER

By Our Industrial Staff

BRICK STOCKS fell slightly in April from 537m. to 528m., according to Department of the Environment figures, to reach a level equivalent to about five weeks current production.

Production during the month totalled 461m., while deliveries came to 472m.

On a seasonally adjusted basis, allowing for variations in the number of working days, brick production was 5 per cent. higher in April than in March, and 15 per cent. higher than in April of the year. Deliveries had risen 10 per cent. up on those for March, and 10 per cent. higher than for the previous April.



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The Fiat 131 range starts at £1,985. The 131 1600 Special 4-door illustrated at £2,199. (5-speed gearbox £204.60). The 131 1600 Special Estate illustrated at £2,377. (5-speed gearbox £261.60). Automatic Transmission available on special versions only.



\$ 350,000,000

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COMPAGNIE FRANÇAISE DES PÉTROLES
NORSK HYDRØ, AS
SOCIÉTÉ NATIONALE DES PÉTROLES D'AQUITAINE

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BAYERISCHE VEREINSBANK INTERNATIONAL BERGEN BANK CHEMICAL BANK
CITICORP INTERNATIONAL BANK LIMITED COMMERZBANK AGTIEGENSELLSCHAFT
COMPAGNIE FINANCIÈRE DE LA DEUTSCHE BANK AG CRÉDIT LYONNAIS
CRÉDIT SUISSE (LONDON BRANCH) DRESNER BANK AG (LONDON BRANCH) MIDLAND BANK LIMITED
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Australia is looking for a new industrial policy. Ken Randall reports.

Jobs before restructuring

THE AUSTRALIAN Government is committed to introducing before the end of 1976 a White Paper on future policy for manufacturing development.

It will be the first of its kind since 1945 when a Labor party administration produced a landmark White Paper called Full Employment in Australia — a document which shaped and crystallised Australian attitudes for the entire subsequent period.

The 1945 paper opened with the statement: "Full employment is a fundamental aim of the Commonwealth Government. The Government believes that the people of Australia will demand and are entitled to expect full employment."

With unemployment at its highest level now since the Great Depression, the provision of jobs understandably remains a high priority in any debate on the restructuring of industry.

After 18 months' work, a Green Paper on policies for development of manufacturing industry was published last year by a committee headed by a leading industrialist, Mr. Gordon Jackson, a director and general manager of CSR.

The Jackson Committee pulled no punches in its analysis of the present situation. "Australian manufacturing industry," it said, "is in acute crisis. Unemployment is high. Factories are running below capacity. Many firms have borrowed to the hilt, with capacity under trust deeds and credit standing eroded. Their profit record and prospects make it hard to raise equity."

Malaise

Some of those problems, of course, were short-run—the result of domestic and international conditions beyond the experience of most businessmen. But the committee detected a "deep-seated malaise" of a far more intractable kind. Pointing out that, relative to other countries, ground that might, at last, make Australian industry had been built in a remarkably short time, the committee said: "Since the 1960s, Australian manufacturing has been bitterly resisted by industry for its alleged negative policies of import substitution, immigration, fixed exchange rates and capital inflow. Growth helped industry cope with inflation and other prob-

lems. Now that the domestic market is saturated and can grow only slowly, most manufacturing is stalled and lacks purpose."

The Jackson Committee proposed measures to rectify the situation by "a process of predictable gradualism," slow but inexorable change, working towards generally lower levels of tariff protection in stages of up to 15 years where necessary but, in any event, reducing the role of the tariff, hitherto the "principal instrument of industry policy." The committee suggested that Governments should take greater account of the effects on industry of exchange rate changes; that industries depending upon high protection be given time and assistance to change, or compensation to close down; and that representative councils for each sector of industry be given a strong voice in decided their own future.

Senator Robert Cotton, the Minister for Industry and Commerce, is in charge of producing the White Paper and he gives every indication of having already accepted a great deal of the Jackson Committee report. Others see it as a potential blueprint for pork-barrelling and the further entrenching of high protectionism. Mr. Alf Rattigan, Chairman of the Industries Assistance Commission (formerly the Tariff Board), has emerged as the leading public critic of the Green Paper. Originally a member of the Jackson Committee, he took little part in most of its work and finally produced a dissenting view denouncing its report as sectional and self-interested.

Most of the rural industries support him. The major manufacturers, with some misgivings, support the committee majority. The manufacturers' misgivings reflect their opposition, in many cases, to any serious effort to "deep-seated malaise" of a far more intractable kind. Jackson Committee majority seems to have found the middle ground that might, at last, make Australian industry had been built in a remarkably short time, the committee said: "Since the 1960s, Australian manufacturing has been bitterly resisted by industry for its alleged negative policies of import substitution, immigration, fixed exchange rates and capital inflow. Growth helped industry cope with inflation and other prob-

lems. Now that the domestic market is saturated and can grow only slowly, most manufacturing is stalled and lacks purpose."

Whatever the details of the White Paper, the handling of protection policy is undergoing marked change. Mr. Rattigan's views and powers were obviously distasteful to an influential section of the new Government returned after last year's General Elections. From June 1, it was announced last month, he will be replaced as IAC chairman by Mr. William McKinnon, currently general manager of the Australian Industry Development Corporation. Simultaneously, the Government announced a new set of rules for



Senator Robert Cotton

the Commission, effectively reversing the onus of proof in protection hearings. Where Mr. Rattigan had argued that an industry must justify its level of protection, the IAC must now justify a recommendation for change — to specify "the method and level of tariff and other assistance necessary adequately to protect the industry against import competition." The Rattigan concept of desirable "benchmarks" of protection for more, less, and least efficient industries is explicitly rejected in the new guidelines, which demand specific attention to be given to the consequences, "social or otherwise," of changing existing levels of protection. As an indication of Government thinking on the forthcoming White Paper, the guidelines

and the sudden replacement of Mr. Rattigan suggest a much greater concern with employment than with restructuring, and international competitive ness. So do the series of temporary barriers, usually tariff quotas, raised against imports in the past year. Some of the quotas have already been extended, others almost certainly will be, in line with Senator Cotton's view that in the present circumstances, "Australian industry will have the protection it needs." Textiles, clothing, footwear and cars are particularly at issue, and the rumblings from Australia's Asian trading partners—the main suppliers in these areas—have barely been concealed. A few weeks earlier this year, the Philippines Government expressed its displeasure by imposing a *de facto* ban on approval of Australian contracts. The IAC guidelines were taken directly from the pre-election manifesto of the Liberal and National Country parties which now govern in coalition.

Incentive

That same document set out the criteria on which "assistance of incentive and assistance" might be extended to encourage development of given industries. They would be those industries:

"Which are efficient and have prospects of growth and of improved productivity through economies of scale or otherwise"

"Which develop Australia's natural resources and/or increase local processing of Australian raw materials"

"With export potential"

"Which use and enhance scientific, innovative or technological skills"

"Which are or can be decentralised"

"Which are regarded by the Government as vital in the national interest for example defense or health"

"Which are in new fields with reasonable prospects of success in the long term"

The White Paper should put these points in more specific terms. But one could hardly say that export capacity is over emphasised compared with the number of possible reasons advanced for protection from imports.

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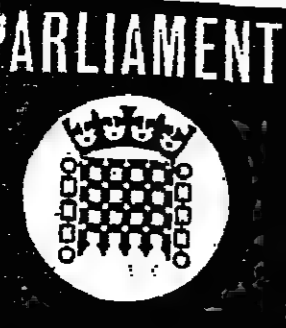


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Varley denies challenge to Speaker's ruling

A PHOTOGRAPH of the Key Victoria, the vessel at the centre of the Commons storm about the Bill to take over the shipbuilding and aircraft industries, was shown to MPs in the Commons yesterday by Mr. Eric Varley, the Industry Secretary.

As he opened the debate on a Government move to set aside rules which could hold up the measure, Mr. Varley said: "It is difficult to construe that structure (the Key Victoria) as a vessel within the natural meaning of the word."

Earlier this week Mr. Robin Maxwell-Hyslop (C, Tiverton) claimed that the Key Victoria, built by oil producers, was a ship within the meaning of the Bill and should have been included in it.

On Wednesday the Speaker ruled that the measure was, *prima facie*, a "hybrid Bill," which being part public, part private calls for a different procedure from that of a public Bill.

After Mr. Michael Foot, the Leader of the Commons, said the Government would bring in a motion to set aside the rules so the measure could go ahead quickly.

Mr. Varley said: "It is ludicrous that a major legislative measure should face frustration on the narrowest of technicalities which apparently nobody noticed for more than 13 months."

There were Tory cries of surprise as Mr. Varley said that the controversy had arisen over what was at most a "hybrid" Bill.

Mr. Varley would not accept that he was trying to challenge the Speaker's ruling on the Bill.

The question was whether the shipbuilding and aircraft industries on the relevant date, July 31, 1974, when the Key Victoria was under construction in the Clyde yard.

Holding up the photograph Mr. Varley said it was a pity that Hansard did not publish illustrations, "because I have here a photograph of the Key Victoria in its normal operating position."

He was making copies available in the Commons library for other MPs to see.

Mr. Cranley Onslow (C, Woking) suggested other pictures should be made available to show how the Key Victoria moved.

Mr. Varley: "It is very difficult to construe that structure as a vessel within the natural meaning of the word."

Conservative backbenchers complained about Mr. Varley's use of the photograph and Mr. David Crouch (C, Canterbury) said that the Leader of the House (Mr. Foot) was trying through Mr. Varley to challenge the Speaker's ruling.

Mr. George Thomas, the Speaker said: "Anything that challenges the ruling I made yesterday would not be in order."

Mr. Michael Heseltine, Shadow Industry Secretary, said the only purpose of producing the photograph could be to reach a different conclusion from what lay behind Mr. Thomas's ruling.

Mr. Gordon Wilson (SNP, Dundee E.) said the nationalisation and centralisation of the steel industry had not helped steelworkers in Scotland.

But the Minister, to renewed shouting from the SNP members, retorted: "You will bear the responsibility of throwing countless thousands of Scottish workers out of a job—and it will be held against you for ever."

Mr. John Peyton, shadow Commons leader, said that Mr. Varley was trying to put the Speaker's ruling "in the waste-paper basket."

As to the Minister's claim that he was not impugning anyone's good faith, Mr. Peyton, to loud Tory cheers, pointed his finger at Mr. Varley and said: "No body's good faith is in question today except the Government's."

Mr. Martin Flannery (Lab., Hillsborough) asked if he could deposit in the petition box kept permanently behind the Speaker's chair, a sheet of telegrams he had received from Sheffield workers, but the Speaker said this was not a point of order.

Labour backbenchers began barracking Mr. Peyton and at one stage Mr. Foot went to them to help. But the interruptions continued and some Labour members marched out of the chamber, shouting at Mr. Peyton: "Very boring" and "You old windbag."

Mr. Peyton accused the Minister of having totally failed to deal with the motion and described his conduct as "repulsive and odious."

The Government was proceeding "headlong in determination to get the measure at no matter what cost in violation of Commons Rules."

He said it would be wrong to pick upon Mr. Foot as the one solely responsible for "this shabby manoeuvre."

His advice to Mr. Foot was for him to go to the Prime Minister and say: "I should like to have an honest job again."

"This business of being Leader of the House does not suit him at all."

Similar advice had been offered by Mr. Foot to a Tory Leader of the House during a Commons debate in 1962.

"The words are back again, alive to haunt him to-day," said Mr. Peyton.

Scottish Nationalist MP Mrs. Winifred Ewing (Moray and Nairn) asked some MPs when she said that her party's members would have been at their conference, a much more important occasion, "instead of listening to this circus."

The Speaker said sternly of her intervention: "That shows the extent to which we are becoming disordered."

Mr. Varley then drew Labour cheers by turning to the definition of offshore installations given in the 1972 Industry Act passed by the Conservatives.

"Under the Tory Industry Act, the Key Victoria was not awarded a construction grant as a ship. Instead, Marathon applied for, and received, a construction grant for it, as an offshore installation."

It was the Conservatives' own Act, put through by these same MPs who have been spluttering and howling me down like a gang of illiterate yahoos. (Labour cheers.)

The trust would not be financed from public funds. If it decided to intervene to save a theatre it would have to pay the costs.

Lord Donaldson of Kingsbridge, the Arts Minister, said the Bill was particularly welcome to the Government because it did not involve any finance.

Mr. Varley gave warning that to delay further the passage of the Bill could "deliver a death blow to the prospects of the shipbuilding and ship repairing industry in some of the most inalienable areas of unemployment."

Then he rounded on the Scottish National Party who he said amid uproar from the SNP benches, would "bear a heavy responsibility for unemployment in Scottish shipyards if they voted against the Government."

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Ambling Peyton loses his way

BY PHILIP RAWSTORNE

THE GOVERNMENT'S measure to bypass the blockage of the aircraft and shipbuilding nationalisation Bill yesterday reduced the Commons to chaos.

Not so much a debate—more a series of meandering diversions.

Mr. Eric Varley, Industry Secretary, constantly sidetracked by points of order, frequently wandering into dead end arguments, finally got through.

Mr. Hugh Scanlon, president, told the conference that although it had originally been hoped that the TUC would submit common sense on behalf of the trade union movement to the Bullock Committee, both the TUC's document and the views of some other unions were unacceptable to the AUEW executive.

The executive did not share the TUC's view on industrial democracy in the private sector, that there should be worker representatives on supervisory Boards.

The document endorsed by the conference sees considerable disquiet in the supervisory Board approach and rejects the assumption that there is a point beyond which collective bargaining cannot develop. It will seek to place within these procedures issues which had been previously dealt with by collective bargaining.

In nationalised industries, the AUEW takes a different view and calls for central control by a single management Board on which elected trade union representatives would have a majority.

There was a need for industrial democracy to reach the "highest level" of a company's activities.

Mr. Varley said that even that "gang of illiterate yahoos" had not awarded Marathon a construction grant for a ship but for an off-shore installation.

If this "hairline hybridity" were allowed to delay the Bill, its consequences could be a crisis in the aircraft industry and catastrophe for shipbuilding.

Mr. Peyton retorted that the Government was rushing headlong to get its measure no matter what the cost in violation of the Commons rules.

Its "shabby manoeuvre" was "cutting constitutional canons and could be disastrous for Parliament."

Mr. Heath restored it later by emphasising that the issue was "a matter of principle."

He suggested that the Government should refer the Bill to a Select Committee and that the Opposition should help it to get to that stage without any unnecessary delay.

Mr. Varley said that the 1972 Industry Act distinguished between a ship and an offshore installation, but before he could tell MPs how the Act defined such vessels, Mr. Winston Churchill (C, Strefford) said this was a direct challenge to the Speaker's ruling.

But Labour backbencher Mr. Leo Abbe (Pontypool) intervened, saying that the House was surely entitled to hear the evidence.

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LABOUR GUIDELINES FOR PARTY THINKING

Charting the next ten years

LABOUR'S Programme 1976 is a 70,000-word document endorsed by the National Executive Committee which charts the guidelines of party thinking over the next decade.

It is not a policy manifesto but its contents will have a significant influence on Labour's next election programme if the proposals are accepted by the party conference in October.

Throughout, the document reveals evidence of past and potential conflicts between the party and a Labour Government, particularly in economic and industrial policy, and on the level of public spending.

Among the more controversial proposals are a substantial degree of worker control in all companies with more than 2,000 employees; the appointment of an official trustee to assume temporary control of any company which fails to meet its responsibilities; and major reforms in the central institutions of government.

Demands are made for the National Enterprise Board and other public sector holding companies to control a successful leading company in each of the key sectors in industry and commerce.

Other proposals are for selective import controls on manufactured goods, introduction of a new national plan and immediate implementation of a wealth tax, with radical changes in income-tax structure.

At its heart, the introduction says, the programme has a basic Socialist priority "to bring about a fundamental and irreversible shift in the balance of power and wealth in favour of working people and their families."

As a first priority, it declares that to overcome Britain's industrial weakness, the nation must adopt a new and

powerful Socialist economic and industrial strategy.

The policy statement emphasises it will not be possible to implement the whole programme during this Parliament or even the next.

"The pace of implementation will depend on the success of our economic policies and the priorities adopted in the years ahead."

When the programme goes forward for approval by party conference in the autumn, a two-thirds majority will be needed on each section to make its contents official policy.

High-level planning agency
'is essential'
New course must be
taken in managing
the economy

On economic planning, the document says:

The key to our strategy is the domination of the economy by a relatively small number of large firms—the 1 per cent of firms operating in the U.K. which account for half our industrial assets, half our industrial output and half our manufactured goods. We must make these firms fully accountable to the community, and by concentrating on these firms, we can keep our planning activities manageable and straightforward, avoiding the need for major bureaucratic mechanisms.

In addition, Britain needs a national economic and industrial plan. In returning to the concept of national planning, we are aware of the sense of failure which has tended to surround British attempts to plan. We believe, however, that we have learnt much from past failures.

There is indeed a fundamental difference between the type of planning we now propose and that tried before in this country. We are not merely specifying a rate of growth and hoping industry will set off through the new powers and new instruments the Government will be able to ensure that the implications of the Plan are followed through.

legislation is needed to ensure the success of our new planning effort. We must take powers:

- to issue, in the national interest, directives to companies on a wide range of individual matters;
- for company law to be revised by Statutory Instrument in the light of the changing needs of shareholders, consumers, workers and the community as a whole;
- to put in an "Official Trustee"—a person with the powers of a receiver, with adequate back-up staff, and responsible to the Minister—to assume temporary control of any company which fails to meet its responsibilities to its workers, or to the community as a whole;
- to ensure that Government assistance to Category 1 companies increasingly becomes available only through planning

the items shown separately in its accounts and reports. The responsible Government department should provide the funds.

Our objective is to achieve double the 1970 rate of manufacturing investment by the mid-1980s, and we intend the NEB to play a major role in bringing this about. Yet the NEB has only £500m. available.

We believe that the Government should provide capital funds to the NEB of at least £1,000m. a year, in real terms over the next five years. Until this is done the NEB should be encouraged to spend its present £500m. as fast as it can, to take over key firms and to boost investment in "bottleneck" sectors.

The National Economic Development Council and the Government have now identified 32 sectors which are of particular importance. We believe that these 32 sectors are the areas where public sector enterprise should seek to expand, together with those industries where the public sector is the sole, or major, customer.

We believe it is essential to create a major public holding within the pharmaceutical industry. This will involve an initial state of at least one major U.K. owned company which the Government (or the NEB) should acquire as a matter of urgency, and use as a base for the expansion of the public sector.

Initially the NEB could be responsible for its operation, but as a matter of priority a separate holding company should be created to expand its influence and activities in this sensitive area.

On economic strategy, the document adds: The Labour Government of 1974 faced an inheritance of industrial confrontation, acute shortages of key industrial goods, a low level of investment in industry, rapidly accelerating inflation, and a huge balance of payments deficit compounded by the massive increase in oil prices.

To all these problems there was soon added the deepest world economic recession since the 1930s, a crisis of capitalism on a world scale.

Two years later, the balance of payments deficit has been more than halved, and there are clear signs that the inflation problem is easing. The level of unemployment, however, is intolerable in human and economic terms, and far from assisting the fight against inflation, is a crucial barrier to its success.

Within the framework of the Social Contract agreed between the Government and the trade unions, we must now take a new direction in the management of the economy. Our objectives are shared by the nation.

They are:

- to bring down the rate of inflation;
- to create a base for British industrial success;
- to restore full employment;
- to restore rising standards of living;
- to revitalise and improve the social fabric of Britain.

The economic objectives put forward by the Government imply a sustained economic growth rate of up to 6 per cent a year between now and 1980. It will be essential to get the economy moving at at least that kind of pace if rapid progress is to be made towards full employment.

Editorial comment—
Page 18

agreements and to ensure that the amount of capital grants and allowances are only provided in return for a stake in the company;

- to control prices charged by Category 1 companies, this power to be exercised on a discretionary basis, through the Planning Agreement system;
- to place an obligation upon Category 1 companies to enter into negotiations, upon request, in order to conclude and to revise periodically a Planning Agreement.

We believe it is essential to create within the Government machinery a high level planning agency—a National Planning Commission which would have prime responsibility for preparing and revising the Plan.

It would also be responsible for monitoring industrial performance and for urging action upon the responsible Government departments and public agencies. It would play a major role in the negotiation of Planning Agreements; give advice on the allocation, within the Plan, of investment funds between firms, sectors and regions; and would provide a powerful "management consultancy" capability to support the Government in its dealings with industry. The Commission should be staffed primarily by specialists able to negotiate as equals with their counterparts in industry.

To succeed the Commission must be seen as a powerful new public institution backed by the full political weight of the Cabinet. It would take over the planning functions currently exercised by the Treasury and other economic departments. It must become the powerhouse of the Government's commitment to planning.

We suggest, therefore, that a special Cabinet Committee chaired by the Prime Minister and including the head of the Planning Commission be created.

Planning Agreements, we believe, must apply to all Category 1 companies engaged in manufacturing; and immediate priority should be given to concluding them with the top 50 companies by the end of 1978. Through Planning Agreements, we must be able to:

- get up to date information, on a systematic and continuing basis, from all companies within the system, both concerning past performance and advance programmes—programmes which can be checked at a later date, against results;
- use this information to help the Labour Government to identify and achieve its planning objectives and to plan for the redistribution of resources which will be needed to meet those objectives;
- get the explicit agreement of the firms within the system—the written Planning Agreement—that they will help the Government to meet certain clearly defined objectives.

It is a long way from a regular revision of those Agreements, in the light of experience and progress.

Crucial

The regional dimension of economic planning is of crucial importance. There must be positive discrimination in favour of areas suffering from underdevelopment and high unemployment.

At the national level, regional incentives such as capital grants must increasingly be channelled through Planning Agreements. But many decisions are better taken at a regional level.

Comprehensive regional plans, co-ordinated with the national plan, should take into account not only Planning Agreements, but also information on the type of industry suitable to their areas and details of existing companies and their potential.

The National Enterprise Board, conceived by the Labour Movement as a major source of initiative and control in the area of manufacturing industry, has a role and that of other public enterprises in manufacturing, is to provide jobs and new investment, especially in the regions; to give a major boost to exports and import substitution; and to help the Government deal with multinational corporations on a more even basis.

To carry out these tasks, however, and to help underpin Planning Agreements, the NEB and other public sector holding companies will need to control a successful leading company operating in each of the key sectors in industry and commerce.

Multinationals

In seeking to control the activities of the multinational, action is required at several levels. However, the main emphasis of our policies in this area must be at national level and our industrial policies provide the basis for this.

- The system of Planning Agreements involving 300th U.K. companies and foreign subsidiaries, to ensure forewarning of any likely precipitate actions;
- The National Planning Commission, to co-ordinate policies and information, monitor their actions and recommend action to the Government;
- The potential use of the NEB, or other public sector concerns, or the Government to pursue a positive "buy back" policy where an important sector of the U.K. economy should be returned to U.K. control.

Balance

On balance, however, we do not believe these arguments carry sufficient weight when set against the severe risks involved in any alternative strategy. On balance, we believe that retaliation does not present a serious danger.

We therefore believe that the Government should introduce, for a period, selective import controls on certain manufactured and semi-manufactured goods where this can be done without provoking retaliation against British exports or starting a trade war from which the poorest countries would suffer most.

Coherent

We believe it is essential to create within the Government machinery a high level planning agency—a National Planning Commission which would have prime responsibility for preparing and revising the Plan.

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Objective

The NEB must be given the same operating freedom as other companies. It must be able to make competitive bids on the market for companies even without the support of the directors of those companies. Further, if the company concerned is seen as vital to the development of the NEB, the Government must be able, through a Statutory Instrument, to purchase that company.

The NEB must not become a repository for lame ducks. Its initial portfolio has already placed it in a weak position, where it has had to invest without receiving a reasonable return. If on top of this the NEB is unable to pursue an expansionist policy, it will soon be reduced to a bankrupt failure.

In its present circumstances, the NEB may be directed to assist in a rescue—as in the case of British Leyland. But in any such salvage operation the NEB should be specifically reimbursed and

Democracy

Our proposals for industrial democracy provide for joint control—and, increasingly, self-management—at workshop, plant and divisional levels, through the process of collective bargaining. But we must also establish formally the right of workers to be represented at the place where basic corporate policy is formulated and where major decisions are taken: in the Boardroom itself.

We believe that company law should be reformed to provide for the following:

- that companies employing, in the first instance, over 2,000 workers (including also workers in subsidiary companies) must establish a "Main Policy Board";
- of the seats available on this Board, 50 per cent would be available for workers' representatives, elected through their recognised trade union machinery;
- the workers in each company would decide, through their trade union machinery, if and when they wish to take up their representation on the Board.

The workers' representatives, the majority of which we would expect to be employees of the organisation concerned, would be subject to re-election and at all times accountable to their constituents.

The post of Chairman of the Board could be filled in various ways, but it would seem appropriate for it to be filled by a two-thirds vote of the Board.

Expenditure

Under the Government's present public expenditure plans, no growth is allowed for in the combined expenditure programmes up to 1979-80 (that is, excluding debt interest), though the Government plans for the national product as a whole to rise by nearly 6 per cent a year between now and then.

However, future plans for projected public expenditure should always be open to change in the light of economic circumstances. In view of the Government's own target for growth we believe that it should be possible to provide for some growth in spending programmes above the Government's present plans for the next four years. We call on the Government to discuss its public expenditure plans frankly and openly with the movement, so that decisions on the possibilities and priorities for public expenditure can be reached by consent.

The Government should also establish a reserve pool of a limited number of approved spending projects which can be brought into action at very short notice to deal effectively with "short term employment problems."

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Labour believes that the present huge inequality of wealth is a crucial defect in our society and changes in taxation lie at the heart of measures to deal with inequality. In particular, radical changes in income tax are needed.

Among the proposals are measures to ensure that more tax revenue comes from the who can afford to pay so that the burden on those less well placed can be relieved, evasion and tax avoidance is particularly in the area of self-employed and in "moonlighting" part-time work.

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The Property Market

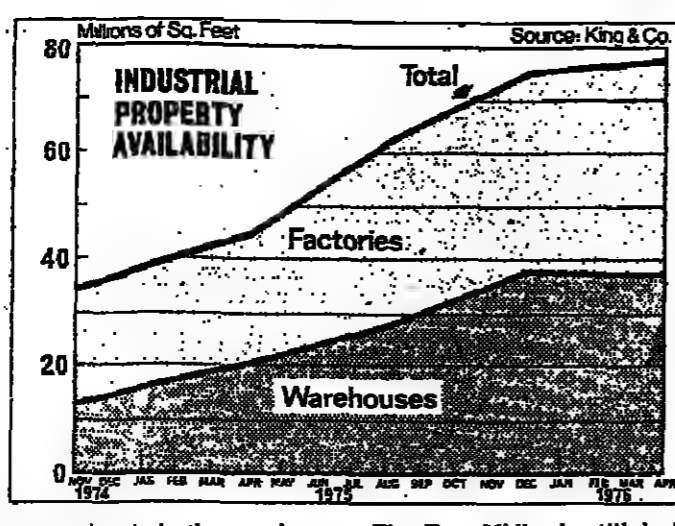
BY QUENTIN GUIRDHAM

Industrials show a better trend

KING AND CO.'s statistics on the availability of industrial property now give a clear indication that the worst of recession is over. Such figures are argued with, and resented quite strongly by some agents when the trend is gloomy. The present set, resulting from a mid-April survey, seem to be less contested because the news is better.

The main criticisms are that King and Co. include buildings that really cannot be let, in good times or bad, so that the totals are misleading. That does not mean they cannot throw up a last December to 40.4m. sq. ft. in April. (With easier changes of use being granted, King and Co. sometimes prove arbitrary—they work on the previous occupation.)

London and the home counties is the area responsible for the main drop in availability, a reduction from 19.9m. sq. ft. in 1973 to 18.3m. sq. ft. in 1974. (The Government programme may be the main influence here, as advance factories let up and the rate of development and refurbishment slows down.)



correct that it is the warehouse total which has almost exactly levelled off at 36.9m. sq. ft. times or bad, so that the totals are misleading. That does not mean they cannot throw up a last December to 40.4m. sq. ft. in April. (With easier changes of use being granted, King and Co. sometimes prove arbitrary—they work on the previous occupation.)

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The East Midlands still looks grim, a million sq. ft. more factories available, more than doubling the December total. And there is 1.1m. sq. ft. more factory space indicated for the West Midlands, which includes some major industrial closures, though warehouse space there is shown as dropping slightly.

The North West also presents a fairly bleak picture, with another half million square feet of warehouses and nearly 1.2m. square feet more factories available.

The number of 100,000 square feet plus premises available is shown as rising from 120 to 124. The other point of interest in the break-down of the kind of space being offered is a slight increase in the proportion of the newer, less than five years old, premises. King and Co. apparently do not think this means very much, for they stress that among their total figures much of the new production is considered unsuit-

able for modern requirements. Their totals for buildings under construction—occupation within six months—shows an increase of less than 100,000 square feet to 4.2m. square feet. The South of England again looks relatively healthy, but the total figure is down from around 20m. square feet in 1973 and 12.4m. square feet as recently as April last year.

King and Co. comment that Department of Environment statistics in January showed a steady decline in new construction orders received by contractors throughout 1973, so today's low levels are 'not surprising'. But the DoE figures for the first quarter of this year, published yesterday, do show a steady improvement, even on a constant price basis (on current prices there were 116,221 of orders placed in January-March by private industry, compared with 111,918 in 1973 fourth quarter). So although the gap between order and actual construction is elastic, perhaps some of this activity will show through in speculative availability figures by the end of this year.

One big industrial letting announced this week is Lenthieric Morry's 25 year lease on 200,000 sq. ft. of the York Town Industrial Estate in Camberley, Surrey. Imperial Tobacco Group Pension Trust had owned the site since the late 60s with the U.S. group Clark Equipment occupying 130,000 sq. ft. You might read some industrial significance into the fact that Clark last year closed its British fork-lift truck manufacturing operation there with 100 redundancies (though it is talking of starting again elsewhere). In January this year it decided to close its hydraulic crane plant on the same site (850 redundancies), and now Lenthieric Morry takes over the plant eventually employing 400 people to make up small sweaters.

It is quite a complex deal because of development land beside the Clark factory on which the Imperial Pension Trust decided to

develop 70,000 sq. ft. of warehouse. So the agreement was that Clark would surrender its lease as and when Richard Ellis, acting for the fund, found a new tenant and meanwhile let development start on the warehousing. Ellis was thinking of two or three tenants for the warehousing and someone else for the factory when Lenthieric Morry, currently in various North London premises and having had IDC problems in Basingstoke, decided it wanted the existing factory for manufacturing and the two new warehouses, ready in December, all for itself.

Clark made something on its 21-year lease, and Lenthieric Morry, a British American Tobacco cosmetics subsidiary, is paying something 'close' to the asking rent of £250,000. John German and Sons acted for the Clark Equipment and Strutt and Parker for Lenthieric Morry. Another big unit that has gone off the market is 154,000 square feet of part multi-storey premises at Bradford Street, Birmingham, once the headquarters of George Mason, more recently a distribution warehouse and offices for International Stores, which Grimley and Son, acting for IS, has sold to Sandhar and Kang food exporters and importers, for £180,000.

Moving units of this size is seldom easy, and deals like this are the cream on what most agents describe as a much improved level of inquiries over the past three months, backing up those King statistics. Few maintain that rents are anything better than static however.

In the South East, the £2 a square foot barrier still looks very difficult to break. One exception, but then it is generally agreed to be a very special location, is Westminster Bunting's fourth phase at Marpit Lane, Coulsdon, Surrey, where Savills negotiated £2.35 on 11,000 square feet and more than £2 on a 20,000 square feet unit and a 14,000 square feet unit all pre-let to Booker McConnell, George Bassett and Grosvenor Chatter.

Chesterfield sells two leaseholds



The buildings above, 12/18, Grosvenor Gardens, London, S.W.1, are the home of the National Enterprise Board. The staff total is currently rising 40, but will doubtless swell to fill the 46,300 sq. ft. net of offices. They now have a new landlord, for Chesterfield Properties has sold its lease to an unnamed local authority pension fund for £4.75m.

Chesterfield announced the sale, along with a £1m. sale of its lease on Morgan Grampian House, Woolwich (the buyer was the pension fund freeholder) to coincide with its preliminary results.

In explaining the price negotiated for Grosvenor Gardens, the company says the letting market has "deteriorated to

some extent" since the PSA agreed a 25-year lease in January last year at £400,000 a year. Instead of this £11 a sq. ft. the figure might now be around £9. Chesterfield held a 99-year lease from 1871, which passed to the Grosvenor Estate on Nov. 12/18, and a continuous lease in respect of No. 18 from the Yorkshire General Life Assurance. The net income to Chesterfield was more than £400,000 before taking account of amortisation.

Edward Erdman acted for Chesterfield in the site acquisition, letting and disposal.

Chesterfield is also further along the way to reducing borrowings on the sale of the Berri/Washington site in Paris held by its 50 per cent associate Chesterfield Ronson. A sale was agreed in February 1973 for £4.8m. to Union Internationale Immobilière. There was some delay while Chesterfield Ronson disposed of a forward letting agreement for a hotel as part of their proposed development, but since then it has been the purchaser who has been in legal dispute. But the Court of Appeal in Paris has now granted an order requiring the sale contract to be complied with and the vendor company holds a bank guarantee for the purchase price. Further foreign sales are predicted by Chesterfield shortly.

Pickard's exit from L C & W

THOSE detecting a slight frostiness in Michael Pickard's letter to shareholders of London City and Westcott explaining the background of Lombar's purchase of nearly 30 per cent of the shares would be right. He is losing his job as chairman and £28,000 a year (though there will be some compensation), but Pickard has plenty of other interests. He says that he thinks the principle of a minority investment providing "effective

control of a public company is some extent" since the PSA agreed a 25-year lease in January last year at £400,000 a year. Instead of this £11 a sq. ft. the figure might now be around £9. Chesterfield held a 99-year lease from 1871, which passed to the Grosvenor Estate on Nov. 12/18, and a continuous lease in respect of No. 18 from the Yorkshire General Life Assurance. The net income to Chesterfield was more than £400,000 before taking account of amortisation.

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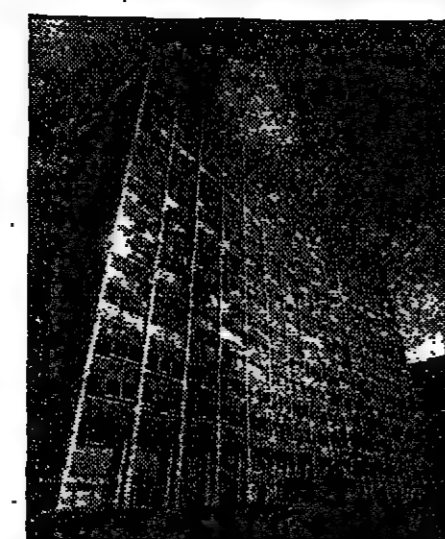
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The Executive's World

EDITED BY JOHN ELLIOTT

Passengers on holiday ferries this summer may find themselves on a Danish ship with a 'managing director' as a captain. John Wyles explains how this new approach to shipboard financial management can work

A new role for the master mariner

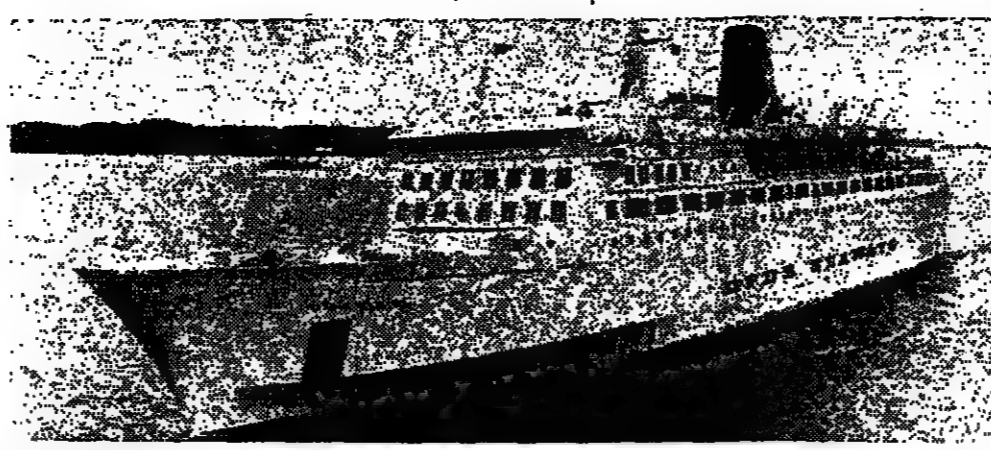
THE OLD stereotype of a sea captain, the weatherbeaten disciplinarian who was petty dictator and master mariner, has been fed by modern technology to give way to the senior officer who, though highly qualified himself, needs to manage a team of specialists in order to keep his ship running safely and smoothly. Building on this modern role, one Danish shipping company has discovered that shifting managerial decisions from shore to ship can both boost efficiency and give a new meaning to job satisfaction.

The company, DFDS A/S, is a Copenhagen-based passenger and general cargo shipping concern which main services link Britain, Scandinavia and operate between certain Mediterranean ports. Under pressure from declining profitability a new management decided three years ago that a fundamental change of style and management organisation was needed to ensure the company's economic survival. It plunged for an imaginative system of shipboard management which has turned out to be a novel experiment in work participation, an effective way of cutting operating costs and an apparently successful way of increasing profits.

At the end of the first year of the system, DFDS is paying its first dividends to shareholders for four years. It has returned a trading profit of Dkr 54.4m. (£5m.) in 1977, up from Dkr 15.2m. in 1976. Although the company has, up to recently, deliberately kept publishing its new system, DFDS has been suffi-



As a result of the policies of Mr. Erik Heirung (left), managing director of a Copenhagen-based shipping line, passenger ferries like the Harwich-Esbjerg service (on the right) are run by a "board" of the captain and his chief officers.



ciently encouraged by interest from other shipping lines to set up a consultancy to sell its experience and expertise in applying a radical approach to shipboard management. Based on the notion that each ship is a semi-independent subsidiary whose crew is responsible for day to day operations and for setting, and achieving, budgetary objectives, shipboard management techniques were first introduced experimentally by various Norwegian shipowners in the 1960s. Then the emphasis was on job enrichment and one or two companies, led by Texaco, were encouraged by the success of the Norwegian schemes to adapt them for their own use. All, however, were cargo shipping companies and no passenger carriers appeared prepared to take the risk before DFDS blazed the trail.

Fears that standards of service could not be maintained

under a shipboard management system apparently deterred most of the passenger ship operators. DFDS was never a likely candidate for conversion until the arrival in 1973 of Erik Heirung, a Norwegian who, as technical director of Fred Olsen Lines had seen a shipboard management system at work on cargo carriers. He found at DFDS a well-established 110-year-old company whose profitability was dwindling and whose shore-based administration was both too centralised and overmanned.

"The company was in financial difficulties and when I introduced the shipboard management system I made no pretence that the purpose was to increase job satisfaction. The aim was better profits," says Heirung. His basic strategy was to shift a range of functions traditionally performed by shore-based staff to the 19 passenger and cargo ships operated by DFDS. Once the unions had been persuaded to accept 150 redundancies among all categories of shore staff, Heirung and his colleagues set about devising a management structure for each ship, a list of tasks to be performed and training schemes for the crews.

The management of each ship consists of a board comprising the master, the chief officer, the chief engineer and the chief purser with the captain having overall authority. Each of these has spheres of responsibility covering day to day operation and budgeting. Inevitably the budgeting operation is the most complex and the most vital. Each ship's board is required to prepare an annual estimate of budgetary costs covering all items of expenditure related directly to the running of the vessel from fuel costs, to spare parts, maintenance and catering.

This provides the framework for monthly budgetary estimates which are monitored by headquarters staff who provide the ship's management with detailed breakdown of its performance according to original estimates. According to Heirung, this system has fostered a 100 per cent improvement in DFDS' financial administration a 30 per cent cut in costs last year and a very high degree of cost consciousness among ship's crews. "In no time at all it became a matter of pride for a ship to be run according to budget," says Heirung. When ship budgets were being prepared for the first full year of operation, DFDS decided to keep to a minimum interference from the centre.

"When the estimates were submitted we believed on the basis of our previous figures that a number of them were over-optimistic and that expenditure across the board would be higher than indicated. Without telling our staff we decided to set aside Dkr 10m. to cover this over-run but at the end of the year we found expenditure was nearly 4 per cent less than forecast."

In most cases it appears that seniors officers were eager to try the system since it occupies time which was previously spent in routine administration. Despite the increase in responsibilities, DFDS says that senior officers' workload has been reduced since the ships were, in fact, over-supervised from the shore by management.

Nevertheless, commitment by a ship's management to their budgetary objectives inevitably risks a cheese paring policy which could affect the quality of service to passengers. In order to protect standards, DFDS has drawn up a highly detailed policy statement on service which ranges widely, covering even the number of times which an ashtray must be emptied and senior DFDS managers regularly make spot checks.

Heirung says that passenger complaints have dropped since the introduction of shipboard management. He is convinced that service standards have improved rather than suffered, believing that the new system is giving freer rein to entrepreneurial instincts. He cites the running of duty free shops which under the old regime

exercised by five "operational inspectors" who are, according to Heirung, "the servants of the ships, and not the kings and masters."

Each supervisor is responsible for several ships, acting as consultant and advisor to each ship's management. One of his main tasks is to ensure that the shore-based organisation is responsive to a ship's needs and that assistance is made available when required. Ensuring that inspectors are not tempted to over-supervise and that crews use their new independence responsibly has not been easy. "There was a lot of heartbreak to start with," says Heirung, referring particularly to the staffing cutbacks. These affected people not only made redundant by the change in managerial organisation but also some who were judged unsuitable for operating under the new regime.

These included four captains and a few other senior officers who either did not want to work under the new system or were judged incapable of doing so. Surprisingly, the change of responsibilities has not yet led to senior officers demanding improved pay and conditions. This may partly be because at £20,000 a year a Danish sea captain is already on a par with senior managers ashore. But DFDS is also convinced that increased job satisfaction has more than compensated for any irksome new responsibilities.

The fact that shipboard management seems to make life at sea more enjoyable for senior officers is of some significance for Western shipowners, particularly the British, who spend large sums of money training men in specialist skills to see them depart for a shore job after only a few years. Shipowners together with the British maritime unions have set up a "Seafire" programme which is trying to suggest how life at sea can be made more attractive. Making a man feel that he has responsibilities wider than simply delivering a ship from one point to another through a shipboard management system could well be a vital ingredient.

Transferring such managerial responsibilities to a ship was a bold move by DFDS which had traditionally encouraged crews to lean heavily upon the shore-based organisation which exercised detailed supervision. The principal liaison function between shore and ship is now

EARLY RETIREMENT

Pay policy hits shorter hours

BY FRED KEMP

ONE OF the side-effects of the Government's pay policy is that companies are prevented from introducing new schemes to reduce the working hours of their older employees.

Such schemes have in the past been introduced by employers to allow their employees to participate in various forms of phased or flexible retirement. The object is to enable the older worker in his last year or so before retirement to work a reduced number of hours. Such policies have benefits for both employee and employer. The employee is not faced with the usual abrupt transition from full-time work to complete retirement. A reduced working day enables him to travel to work at more congenial hours to reduce the stresses and strains of commuting and also gives his wife an opportunity gradually to adjust her domestic routine.

Succession

From the employers' angle, phased retirement, though expensive, enables the company to develop and implement a management succession scheme. Many senior employees in their later years become "workaholics". Securely and in their hearts, they realise they cannot compete with energetic younger executives and try to delude themselves concerning their indispensability. They are reluctant to delegate work and it is people of this calibre who constitute a "high risk" group in retirement. Not until the company has finally eased them out, do they accept that their employers will manage to survive without their services.

The Pre-Retirement Association has always encouraged employers to adopt a phasing-out policy. One successful scheme followed by a Middlesex pharmaceutical manufacturer, E. R. Squibb and Sons, provides a possible model for other employers who want to enable staff to unwind gradually by means of a transition scheme. Two years before retirement the company stops the employee working overtime unless it is absolutely essential.

The departmental manager also considers who is to replace the retiring employee.

The personnel department discusses this aspect as an integral part of the company's manpower planning policy. One year before retirement the employee is allowed to work a reduced working week. During the first six months of that year, he puts in four hours a week less than the standard week. During the last six months he works one day less each week, on normal pay. During the last year of employment, the employee will be advised on pre-retirement courses available.

However, new schemes of this sort are now curtailed because the Department of Employment's incomes division has firmly ruled that a shorter working week would count as a fringe benefit and must therefore be offset against the £6 per week limit policy.

The reasoning behind this ruling is simple. If a man is earning £60 for a 40-hour working week, then to continue to pay him £60 for a 35-hour or 30-hour working week under a flexible retirement scheme does constitute an increase in his hourly rate of pay. The Department of Employment also ruled that no fringe benefits at all could be introduced for those earning £28,500 a year or over.

With regard to flexible retirement we therefore now have the Department of Employment pouring out millions of pounds to provide employment through the Budget and other measures. At the other end of the spectrum we have employers and older employees wishing to work a reduced number of hours. The Government's ruling, however, forbids the introduction of new "phasing out" schemes which would help create the new jobs that are so badly needed.

Mr. F. O. Kemp is director of The Pre-Retirement Association, a registered educational charity formed 12 years ago as an offshoot of Age Concern to offer members a training and information advisory service.

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Frustrated managers emigrate

A WARNING that "suffocating social attitudes" towards managers were probably more responsible for the emigration by U.K. executives than low levels of pay is issued to-day by Mr. Garry Long, international director of the MSL Group.

Compared with their counterparts overseas, British managers are grossly underpaid and overtaxed. But they are also baulked and frustrated by an erosion of their decision-making powers, by growing limitations on their area of action by legislation and regulations, by the encroaching power of trade unions, by increasing Government intervention, by antipathetic social attitudes, and a host of other factors which come close to nullifying enterprising and innovative management," says Mr. Long in MSL's Management Matters magazine.

Abroad, British executives not only increased their real earnings—in some cases even doubling them—but were given the freedom to manage. The problem was therefore one not only of financial reward but of job satisfaction.

Commenting on executives who go abroad on short-term contracts, Mr. Long says: "many at the completion of their contracts simply take up another contract, sometimes in another country. In this way, developing areas like the Middle East may prove to be stepping stones to permanent emigration to countries like South Africa."

Provision in the U.K. of special tax inducements or monetary remuneration was not sufficiently fundamental. A change of attitudes towards managers was needed as well.

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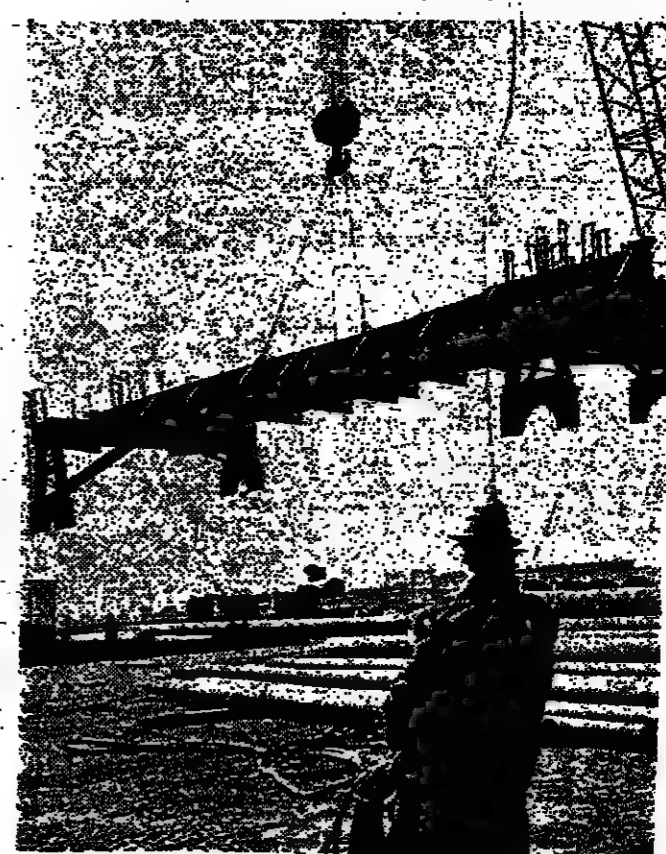
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Workers who build the North Sea oil production platforms face redundancy. Ray Dafter describes the decline in orders

Oil platform yards run out of work



The Redpath Dorman Long platform fabricator yard at Methil, Fife: half of the 1,200 workers could lose their jobs.

Repudiation needed

"LABOUR'S Programme for Britain" which was published yesterday, is a long, far-reaching and absurd document which the Prime Minister should repudiate loudly and at once. It is true that he and his Cabinet colleagues have already succeeded in getting some of the more extreme proposals toned down with the warning "that we live in a world in which discussions about long-term aspirations and policy through rumour and misrepresentation can cost the country dear and wreck confidence both at home and abroad."

But the document still contains proposals which, after slashing cuts in the defence bill and increased taxation on those who are already taxed most heavily, would add £6,600... it carried out in full, to the level of public expenditure for 1979-80 suggested in the recent White Paper.

Programme

But there are plenty of people who will read the proposals without the qualifications and conclude that the Labour Party has swung dangerously to the left, making dangerously even less desirable currency to hold than the lira. The struggle of the left-dominated national executive to influence the policy of a Labour Government is, in fact, a long and continuing one which is carried out largely through the election manifesto. If the left tries hard enough, it may get the election manifesto to contain a few concessions to extreme views and thereby increase the pressure on a Labour Government to pass through some leftist measure or other even against its own better judgment. The technical difference between a programme and a manifesto is therefore worth spelling out.

Rewarding services to the Nation

ACCORDING TO its defenders, the honours system is one of these harmless British anachronisms which helps to oil the wheels of public life. It provides a means of rewarding people for services rendered to the community and of giving an official accolade to outstanding achievement in many different walks of life. The decision on who gets what is bound to be somewhat arbitrary, the argument goes on, but some system of rewards is essential and the one we have got works, on the whole, pretty well. The opposite side of the argument is the storm of controversy which has greeted Sir Harold Wilson's "resignation" honours list. This is a demonstration, say the critics, of how the system can degenerate into a crude form of political patronage, in which one man has virtually unlimited power to reward his friends and in which the connection between the honour bestowed and service to the community is remote or non-existent.

Patronage

It is true that, like other archaic British institutions, the honours system has evolved over the past few decades in response to changing social trends. The award of hereditary peerages has disappeared and Sir Harold Wilson himself discontinued the practice of rewarding people for overtly party political services. But the powers of patronage enjoyed by the Prime Minister remain considerable. While there are obviously limits beyond which the Honours Scrutiny Committee would not allow him to go, these powers can be used in a highly personal, even capricious way.

Short of scrapping the present system and replacing it with something entirely different (which Mr. Wedgwood Benn has advocated but which would probably command little support in the country), the best

A DELEGATION of shop stewards from the oil platform construction yard of Redpath Dorman Long (North Sea) returned to Scotland yesterday having failed to obtain reassurance in Whitehall about immediate employment prospects in their industry. Like those who have made similar journeys from other parts of the U.K. before them, the men from RDL's yard at Methil, Fife, were given little hope of Government intervention. The sad fact remains that one of Britain's newest industries is fast running out of work.

The shortage of new platform orders, which started to become apparent last year, has now become critical for several of the yards. Thousands of the 10,000 workers directly employed by Britain's platform fabricators face redundancy by the end of the year.

RDL, for instance, has given advance warning to all its 1,500 workers that a "substantial number of them—probably at least half—might lose their jobs in six months' time. Following the completion of a platform for Shell/Esso's major Brent Field earlier this month, RDL is left with a few smaller contracts on its order books: gas platforms and deck structures. Work on these should be completed towards the end of the year.

Run down the facilities

As things stand the company will then start immediately paying off most of the 1,850 employees. Between 200 and 300 will probably be kept on for a few weeks, to run down the fabricating facilities, but after that the payroll will be whittled down to key personnel, between 50 and 100 people who will look after the £17m. yard on a care and maintenance basis.

Mr. Chris Prosser, Laing Offshore's director of operations, has just returned from Houston, Texas—the home of the international offshore exploration and development industries—where, with representatives of the Boiler-makers' Society, he tried to win new business. He came back even more depressed about the ordering situation than when he left.

The yard has considered extending its activities in order to

keep a large number of its skilled labour force together. But here again the prospects have been bleak. Mr. Prosser looked at the market for modules—the units housing services or production equipment on offshore platforms—but found that this sector was as depressed as the platform fabricating industry.

Graythorpe was built in 1972. Its employees were told that work would last for at least 10 years. The medium-term prospects look almost as bleak. One of the grimmest forecasts came this week from the Process Plant Working Party of NEDO (the

latest published Government figures suggest that the demand will work out at 30 new orders to be shared out among the eight yards between now and 1980. These would be in addition to the 23 already ordered or installed (14 of them constructed in British yards). In August 1974, the Government was reckoning on at least 80 platforms being needed by 1980; in July last year the range was lowered to 43-61.

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U.K. PLATFORM YARDS AND CURRENT WORK LOADS FOR LARGE STRUCTURES

| Company | Yard | Platform Type | Yard Capacity | Current Work Load | Completion Date |
|--------------------------|--------------|-----------------|---------------|-------------------|-----------------|
| ANDOC | Hunterston | Concrete | 1 | Ninian | April 1977 |
| Highland Fabricators | Nigg | Steel, Concrete | 1 | Ninian | Autumn 1977 |
| Howard Davis | Loch Kishorn | Concrete | 1 | Thistle | June/July 1976 |
| Laing Offshore | Graythorpe | Steel | 1 | Brent C | 1977/78 |
| McAlpine Sea Tank | Ardyne Point | Concrete | 3 | Cormorant | 1977 |
| | | | | Frige TP 1 | May 1976 |
| McDermott | Ardreir | Steel | 1 | Heather | Mid-1977 |
| Redpath Dorman Long | Methil | Steel | 1 | Brent A | May 1976 |
| Sea Platform Contractors | Portavadie | Concrete | 1 | Indefatigable (2) | Mid-1976 |
| | | | 11 | | |

Completed
Under construction
No contract awarded

years. "In all senses we have been a success. We have built one platform a year; we have had wonderful labour relations. No wonder our men feel let down," said Mr. Prosser.

Even McAlpine Sea Tank at Ardyne Point, Argyll, which is in a less serious position than most, has warned that its workforce of 3,000 will have to be run down over the next year unless new work is found. The construction site, which has just completed a gas treatment platform for the Frige Field, is now working on two structures for Shell/Esso: one for the Brent Field which may not be completed until 1977 or even 1978, and one for Cormorant.

All told Britain has eight yards or construction sites able to tackle the huge platforms needed for the deep waters of the North Sea. Only six of these are currently in operation, however. The ANDOC site at Hunterston and the Sea Platform Contractors yard at Portavadie, both built with Government backing to provide manufacturing facilities have still to receive their first orders.

Between them these yards should be able to handle 11 large platform orders a year: within the next month there should be enough vacant capacity to cope with five new concrete structures and two steel platforms. And yet the yards and the

National Economic and Development Office). It could see only three major platform orders being placed over the next three years: one this year, none in 1977 and one each in 1978 and 1979.

The report has been greeted with concern and disquiet within the offshore industry and the Government—particularly at the Offshore Supplies Office. The figures are even lower than their already pessimistic predictions. Indeed, they do appear to be on the low side; after all the Shell/Esso group has announced that it plans to order one platform a year "for the next few years". Tentative plans suggest that they might order one for the Cormorant Field extension next year and one for the Tern Field in 1978.

Texaco is also known to be looking at possible multi-well platform designs for its newly named Tartan Field. If detailed studies into development prospects indicate that Tartan is a commercial discovery, a platform order could be placed later this year to achieve initial production by 1980.

Over the next two years other orders could come from British Petroleum (for the Magnus and Andrew fields); Continental Oil (Murchison or Staffin); Pan Ocean (Brae); and Phillips (Maureen). New York analysts Smith Barney, Harris Upham and Company, estimates that seven large platforms will be ordered in the next two years.

must only be a matter of time before the Government again admits a further reduction; the Department of Energy privately recognises that the hiatus in ordering is going on far longer than it anticipated.

The Government is reluctant to confess that it made a fundamental error of judgment in allowing too many sites to be developed. But even if it is not to blame to the extent that many in the oil industry would claim, the Government cannot absolve itself from being at least partly responsible for the platform builders' current plight.

For a start, the Department of Energy has always adopted an optimistic line over the size of reserves and the speed of development, in contrast to the oil industry itself whose natural instinct is to proceed with caution. This was demonstrated again last month when the latest Brown Book—the report on offshore activities—was published by the Department. Great play was made of the fact that proven oil reserves had risen by 30 per cent. in the past year. The fact that commercial reserves, the oil in fields under development, had not changed in the past two years, received less emphasis.

The Government's decision to back the Portavadie and Hunterston facilities has only aggravated the overcapacity situation. Hunterston was built with the

help of loans of £11.5m. being underwritten by the State; the £14m. capital needed for the full appraisal of possible Portavadie dock and workers' village was put up by the Government as its first initiative under new powers to control oil-related coastal development in Scotland.

The schemes were sanctioned because the Government was worried about orders for concrete structures going to Scandinavia. Mr. Albert Granville, managing director of Howard-Doris at Kishorn in Scotland, had doubts from the outset: "At the time the Government decided to invest in Portavadie I felt that we had one too many sites. When Hunterston was announced I knew we had two too many."

Everyone concerned—the Government, platform builders and the oil industry—failed to foresee the current ordering pattern for a host of reasons, many of them relate to the speed at which technology is advancing in the North Sea.

New production techniques

At one time it was thought that an average sized field would need two production platforms. Improved production techniques has brought the average down to 1.3 per field. (BP's Forties Field, one of the first to be developed has four platforms; a leading U.K. oil analyst suggests that if developed today the field would need only two or three structures.)

Entirely new production techniques are coming on to the market some of which may do away with the need for conventional platforms, perhaps costing £300m. apiece. BP's Magnus Field, for instance, could be developed with a tethered-leg floating structure and a series of sub-sea production wells. The Transworld Group is believed to be considering a semi-submersible production platform for mains. For Laing Offshore the development of its Buchan which faces closure this week, the plate has been

While these new systems may but wiped clean.

MEN AND MATTERS

Knights of the day

Surprise is the most charitable way to describe the reaction in many places, not just among Labour Left-wingers, to Sir Harold Wilson's Honours List. Several of the businessmen on it hardly rank as sympathisers of the right colour and, there having been much public hating of who would collect what, there is at least one unexpected name: Frederick Gosling.

The "Frederick" is a bit of a catch. Don Gosling has always disliked it and so uses his second name. Therefore it is now Sir Don, whose main business is National Car Parks, not a widely loved company.

Gosling, 46, receives his knighthood for charitable service for the Forces. Behind that lies an unusual story of dealing with the long-standing problem of helping those headed back into civilian jobs after military service. Gosling is a member of the White Ensign Association, formed 20 years ago to advise Naval personnel on financial affairs as they left the Service.

He has been responsible for a new arm which goes further towards finding jobs for those who leave every year the shrinking Navy, whether men or women, officers or ratings. Just under a year ago, Gosling set up a scheme whereby for £250 companies can go on a register to be kept informed of suitable personnel.

Gosling is also a trustee of the Fleet Air Arm Museum at Yeovilton in which Harold Wilson has taken an interest. The new knight was five years in the Navy before he and Don Robson started on a Holborn bomb site the car parking complex which grew into the still-private NCP group. Ex-leading seaman Gosling also heads the family Palmer and Harvey tobacco and confectionery com-



"When he accepted, Sir Harold didn't tell him who else was on his list."

pany and is a director of the public Y. J. Lovell building contractor.

Another surprise knighthood goes to James Hanson, chairman of the diffuse Hanson Trust group. He is an old friend of Jim Slater, started his business life in the family transport company, and his career has certainly been successful. No specific reason is given for his honour, though Hanson thinks it may be to do with his governorship of Sadler's Wells and a trusteeship of D'Oyly Carte. He described himself unsurprisingly as "pro-business," adding yesterday: "My job is to get on with the job and thinking of the shareholders."

The most talked-of man on the list, Sir James Goldsmith, was out and about in London yesterday for a meeting of shareholders to approve the late round of complex proposals for reorganising his Cavendish-based food group.

Goldsmith, honoured for exports and ecology, pulled a large cigar, and within minutes the deed of allowing Generals Occidentale, his French master company, to raise its Cavendish stake to 51 per cent, was over. Goldsmith declined to discuss his knighthood, but declared typically of Cavendish: "The next 10 years will be as expansionist as the last."

Charles' advice

Cavendish's meeting may have been on the quiet side, but things hummed a lot more for the annual gathering of the 236-year-old West India Committee. It was set up by London merchants trading with what was then a Caribbean pirates' playground. The committee now functions more or less as a Chamber of Commerce for the West Indies, augmenting the work of Governments and High Commissions to promote trade between the UK and the islands.

There are, regrettably, money problems (the committee lost £22,500 last year) and though that tended to dominate the AGM, much attention was paid to one businessman who had flown in for the occasion from the British associated state of Dominica.

Sounds routine, except that John Baptist Charles is 100, and with stylish cane to help a little, very spritely. He set up the first Agricultural Credit Bank in Dominica, and his daughter leads the loyal opposition there. To the anxious middle-aged who crowded around, Charles offered but one piece of advice: three good meals a day.

Irate

It is not, after all, all sweetness and light in Swansea. On Monday I wrote about the town's Driver and Vehicle Licensing Centre, which receives up by 7,000 calls a day dealt with by

super-sympathetic civil servants who have been coached to try to love the public. Many expressions of appreciation have flowed in as a result.

Tell all that to William Entress and he gets very irate. He is managing director of a haulage business about a mile from the licence centre. Entress's company has a number which is just one digit different from the centre. And that difference is towards the end of the number where most mis-diallings tend to occur.

The result is that of the avalanche of calls aiming for the licence centre, perhaps 40 a day and up at Entress Transport. The Post Office has suggested that because of the heavy number of calls which Entress receives, a couple of extra lines should be put in. Not surprisingly William Entress has no intention of paying for them. And he is not receptive to the suggestion that he should change the number. He had it for years before the civil service army arrived locally.

There is another important aspect to the affair. Entress does not have a switchboard manned by patient ladies, calls going to a traffic office where, as Entress says, the staff are accustomed to "hard-wearing long-distance lorry drivers." So far, Entress's people are keeping cool, but mis-dialling members of the public may soon start to get dusty replies. That would spoil the licence centre's image a bit.

Cynical

Unfortunately initials are borne by the United Nations Conference on Trade and Development in Nairobi ending today. Do they really stand for Under No Circumstances? Take Any Decisions?

Observer

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Why the Tories make business unhappy

It is an uncanny thing for a politician, gratifying and a little embarrassing at the same time, to say one of his speeches is only half the mark. Week after week-end he can be seen in the country spreading enlightenment and enlightenment and body pays a blind bit of money. Then, one day, often on the least expected, he comes away with a rehash of the ancient theories of the past, filling the columns of the national Press, and in the breakfast table of the nation, full of comment, encouragement or exhortation. The latest to undergo this experience has been Mr. Geoffrey Howe. His speech in the House at the beginning of the month, castigating the business community on fairly national lines for "opting out of national politics" has set a whole firework display of admiration and counter-attack between Conservative politicians and industrialists. Just as well, perhaps. The letters in the newspapers are only a tiny part of the show. It is, as one rapidly discovers by talking to anyone connected with the argument, a depth of feeling and a depth of frustration, on both sides, that badly needed an outlet.

As they say in the vision cover of party congresses, "pick up the debate". The point at which some gain of industry is replying to Mr. Rippon. When you talk of "opting out of national politics," he retorts, what you're really complaining about is that you don't support the Tories. But on earth should we support a Conservative or, indeed, any political party? They are as bad as each other with

their irrelevancy and factionalism and mud-slinging and their constant political tinkering with "commercial" issues that they don't understand. Of course, we loathe the Socialists, who seem to be hell-bent on making it pointless for us or anyone else to work at all. But are the Tories any better?

The record of the past is bad enough for a start, goes on the industrialist. Ted Heath, ably abetted by most of the Shadow Cabinet, dropped us right in it. He promised a sensible, though rather a grish new industrial policy in 1970, and even started to learn how to put it into practice. Then his nerve cracked and he started messing us about with a Prices and Incomes Policy. Then he tried to suck up to the unions again. And finally he tried to have a showdown with the miners which he lost. "Indecisive interventionism" turned out to be the motto of the last Conservative Government, and it was a recipe for catastrophe.

What faith?

It is all very well to-day, this refrain continues, for the Conservatives to admit their past errors and promise amends. But what faith can we have in their promises? More profits for firms and more incentive for managers are very nice to theory, but it really comes down in the end to a matter of political skill. No one wants another ruthless confrontation with the unions; but who believes that a Conservative Government could avoid one if it removes price controls, and abolishes the closed shop, and cuts down selective aid to industry? A resolute, able Cabinet might do it, but you are asking us to believe in Mr.



Sir Geoffrey Howe (left), Mr. James Prior (centre), and Mr. Michael Heseltine (right):

saunders of the nation or bogus toughness?

What is the cause of this rather strange falling out? And what are the Conservatives to do about it? Some of it, clearly, is inevitable or is at any rate due to causes which could only be removed by the complete destruction of the present framework of debate. For instance, the complexity of modern government demands a far more professional and hard-working House of Commons than in the past. This means that it is now virtually impossible for an ambitious young businessman to combine his business job with membership of Parliament. This, in turn, means that there are very few Conservative MPs indeed with recent first-hand experience of senior management in industry.

Another consequence of underlying trends has been the change in industrial attitudes towards Government. As the concentration of British industry proceeds apace the new giants and the state can hardly avoid opening a permanent dialogue. It is easy to call this corporatism and pronounce anathema upon it, but not so easy to see how it can be reversed. I have heard, for example, criticisms among Conservatives of Sir Arnold Weinstock for entering into discussions on a planning agreement with this Government in

respect of his heavy turbine division. But considering that the state is his principal customer in this field, what other sensible course is open to him?

This raises another question—namely the perennial difficulty of the interests of large companies and small ones. The dilemma is sharpened at present by the prevailing mood on the Conservative back benches where it is fashionable to make doctrinaire distinctions between small and medium-sized entrepreneurs (good) and managers of multinational corporations and nationalised industries (bad). Mr. Freddie Laker personifies dynamic capitalism struggling against its chains. Lord Ryder represents the triumph of corporatism betrayal.

From a public relations point of view the Conservative leadership can afford to be unapologetic about its own preference for the smaller businessman, and indeed it positively welcomes complaints like that of Mr. Brian Kellott, the new Chairman of Tube Investments, that the Tories are in danger of making their policy "at the expense of the bigger industrial units which provide the jobs and exports." On the other hand there are genuine practical problems of tactics and strategy arising from the divergence. Issues like worker participation, for instance, look very different to larger and smaller companies. More generally, small concerns are looking to the Tories for explicit promises on taxation and the like, while the big ones, being concerned with continuity, stability and industrial peace, advise pragmatism and silence.

Given all these difficulties, the Conservatives naturally tend to chip away at the edges of the problem and, meanwhile, to make a virtue of necessity. The present Party Chairman, Lord Thorneycroft, and former Party big-wigs like Lord Watkinson and Lord Aldington bustle about the upper reaches of industry and the City spreading reassurance. Selected groups of businessmen are taken in to see Mrs. Thatcher, and Mr. Heseltine and the others scatter far and wide, humbly consuming Board lunches and advice. Meanwhile, third parties are told that while, of course, it is of great importance to keep good communications with industry (on which all our prosperity depends), it is quite wrong to assume that the Conservative Party is the Business Party. It is the One Nation Party and it will be a sad day etc., etc., when it disappears into the pocket of private enterprise.

This is valuable enough to be going on with, but it does not solve the three basic problems of personnel, industry, like most of the rest of the public, frankly regards the Opposition Front Bench as almost unbelievably lightweight. Mrs. Thatcher herself is respected for her intelligence and forcefulness and Sir Geoffrey Howe has some devoted in the City, as well as some sharp detractors. It is hard to find anyone who will say much for any of the others. Time—and, of course, office—will help to cure that state of affairs to some extent. But it is hard to resist the conclusion that more is lacking than simply exposure and experience. An urgent search for new talent is required.

Confusion

More serious and fundamental is the confusion of industry itself about what policies it actually wants from the Conservative Government. The business community as a whole has still not decided whether it believes sufficiently in a more competitive and incentive-governed society to put up with the hard realities of such an environment. Until it does so, no political party can expect to produce policies which business will appreciate. Finally there is the mirror image of this confusion in the Conservative Party's own middle about economic policy. In spite of valiant efforts to paper over cracks, it is perfectly obvious to everyone that the party is still split between the monetarists and the interventionists. So long as this is the case the party will lack credibility in the business community—and everywhere else.

Letters to the Editor

Underwriting commission

Sir Mabel Crofton,
Member of the Council,
The Borough of Kensington
& Chelsea.

I reply to Mr. A. Scrimgeour's letter (May 24) on capital underwriting in the City. First, facts. Nine firms of brokers point for the great bulk of their income. Of these three, Messrs. Hoare, Govett, and (the Firm) are the principal. Scrimgeour says that the average underwriting commission is 1 to 2 per cent. Why, then, is the current ICI issue—based on the most generous assumptions—giving 2½ per cent for a cost of £4.3m. on a total of £203.3m? I know of small companies which have recently raised £500,000. The underwriting commission amounted to no less than 4.5 per cent, because under the present system underwriting fees bigger as the size of the issue diminishes.

Since March, 1975, £2,085bn. have been raised (ICI accounting 10 per cent.) and if we apply ICI 2½ per cent rate, this works out at underwriting commission of no less than £43m. 8 apart from all the other costs involved. On this \$8bn., my own fund, with a net of £6m., has had not one penny in underwriting.

The proposal is as follows: The Exchange would set up a rate actuarial fund, backed in the first instance by the insurance industry. The members of this fund would consist of investment fund worth £1m. or more, including private individuals. The fund would be managed by a committee of representatives from the insurance industry, a company wishing to raise money would discuss the terms of its issue with the fund managers who would then determine the "premium" to be paid. The managers would set a small percentage from premium and the rest they would "lay off" among the members pro rata. In the event of an ICI issue, every member of the fund would be asked to subscribe pro rata. In case of smaller issues, the would be gone through in proportion so that everyone would have a share. After a sufficient surplus had been built up, a dividend distribution would be made pro rata to members.

It would be cheaper, even small companies to raise money on equal terms with bigger. Some small companies are deterred from raising money by the cost involved. It would be fairer. All the shareholders of size would have a share of underwriting commission—and also share of risk.

It would prevent a handful of insurance companies, as the Prudential, from determining the terms of particular issues in their interest.

After the last war, the Stock Exchange has become a depository of industrial capital. The recent spate of rights issues only 10 per cent of new money being raised through the stock market. I believe the only way to enable the Stock Exchange to play a much larger role in financing British industry is the best way, that is, by the market place.

Mr. J. A. T. Caulfield,
10, York Terrace West, N.W.1.

Education as a service

Sir—The Leader of the Kent County Council (May 26) has already dealt with some aspects of Mr. Shepherd's letter on local government (May 21). I would like to add to this a few comments on Mr. Shepherd's reference to education as a local authority service. There can be no doubt at all that Mr. Shepherd's suggestion that in a county like Kent 14 education authorities should be established to replace the present single education authority in the county, the increase in expenditure would be huge and would be regarded by the ratepayer as intolerable. What can equally be asserted is that this increase in cost would not lead to better standards and a better service but precisely the reverse. Indeed, to deal with Mr. Shepherd's specific point, there would be a deterioration in the authorities' ability to monitor and maintain standards; for example, the number of inspectors employed by 14 authorities, within the area of the present Kent County Council would be substantially reduced. This would mean that the range of expertise available to any one authority would be far inferior to that available to the present county. In other words, people would pay much more and receive much less.

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I would add that we do not have a general impression of district council dissatisfaction with educational standards, but if district councils are dissatisfied, they have representatives on the governing bodies of schools who can raise the issue, and, of course, they have a substantial representation on the local advisory bodies for education, which exist in all districts.

J. A. Lawton,
Springfield, Maidstone, Kent.

Confidence boost

Sir—Firm and positive action must now be taken to raise the value of the pound. This can only be achieved by re-establishing the conditions necessary to attract confidence not only from overseas but from the British people themselves.

The following course of action is I believe essential to this purpose:

1. No increase in wages or salaries of any sort except for promotion or production, for a period of two years.
2. A reduction in the basic rate of income tax of at least five per cent.
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This country can only survive by industrial effort and export business. Government and people must work together for this purpose and it is for the Government to make its own contribution to the control of inflation by a general relaxation of tax. The pound in the market is what people understand and any reduction in revenue must be met by better Government housekeeping.

The great and abiding value of our country is our people. They are worth a strong and confident future.

Robert Stevens,
177, Regent Street, W.1.

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Did Mr. Reid really derive his definition of "politician" from these conversations, and agree about it with the unknown number involved? Certainly a definition of politician which goes

Taxation liaison

Sir—For two years running I have had letters from the local inspector of taxes asking me to let him know the name of the tax district and reference to which I make my returns of income. He says he is asking this because he has no record of his letters, partly because he actually sends yet another form, 52-5735 11/74, to be completed. Please could the numerous inspectors of taxes evolve a system of liaison so that such questions become unnecessary? I would hope that in so doing we, the taxpayers, would save a little money.

G. G. Palmer,
179, Old Woking Road,
Woking, Surrey.

Protecting sterling

Sir—The term "reserves" is euphemistically used to describe the £7,000m. which is temporarily deposited with us by other countries. This sum can more fairly be described as a current liability and as such, for example, London & County Securities found to its cost, when the confidence factor evaporates, so does the money.

On each occasion when the government borrows further sums from the L.M.F. and other organisations it claims that it has increased the country's reserves yet in reality it has done no such thing for it has merely increased its liabilities. A company were to describe its overdraft as a reserve no auditor would be allowed to certify the accounts "as giving a true and fair view." The problem facing Britain is if it is believed that sterling is seriously undervalued it is how to stop the steady erosion of the "reserves," since this itself causes sterling to depreciate even further.

We are in the unusual position of having substantial fixed overseas assets against which can be balanced current short term liabilities. The Bank has surely come for the Bank of England to overcome its reluctance to devise new systems for the protection of sterling. We must recognise that if it is accepted that sterling is under valued we should convert our short term liabilities into three to five year liabilities by offering a system of two-tier interest rates and exchange rate guarantees such as the country anything at all provided the rate of inflation is brought down to single figures. If, as has been calculated, the recent 10 per cent. fall in sterling will raise the cost of living by 2 per cent. per annum then the authorities may one day manage the calculation which shows that a 20 per cent. revaluation of sterling could reduce the rate of inflation by 6 per cent. and give immeasurable assistance to the success of the current wage negotiations.

It has been noted that Germany's raw material import costs have barely risen over the last ten years because of the vast appreciation of the Deutsche mark. Furthermore, the recent prices while raising U.S. import prices by 15 per cent. have themselves caused a 40 per cent. increase in Britain's raw material import prices because of the precipitate fall of sterling. This could benefit far more from lower import prices than lower export prices.

Anthony Jacobs,
20, York Terrace West, N.W.1.

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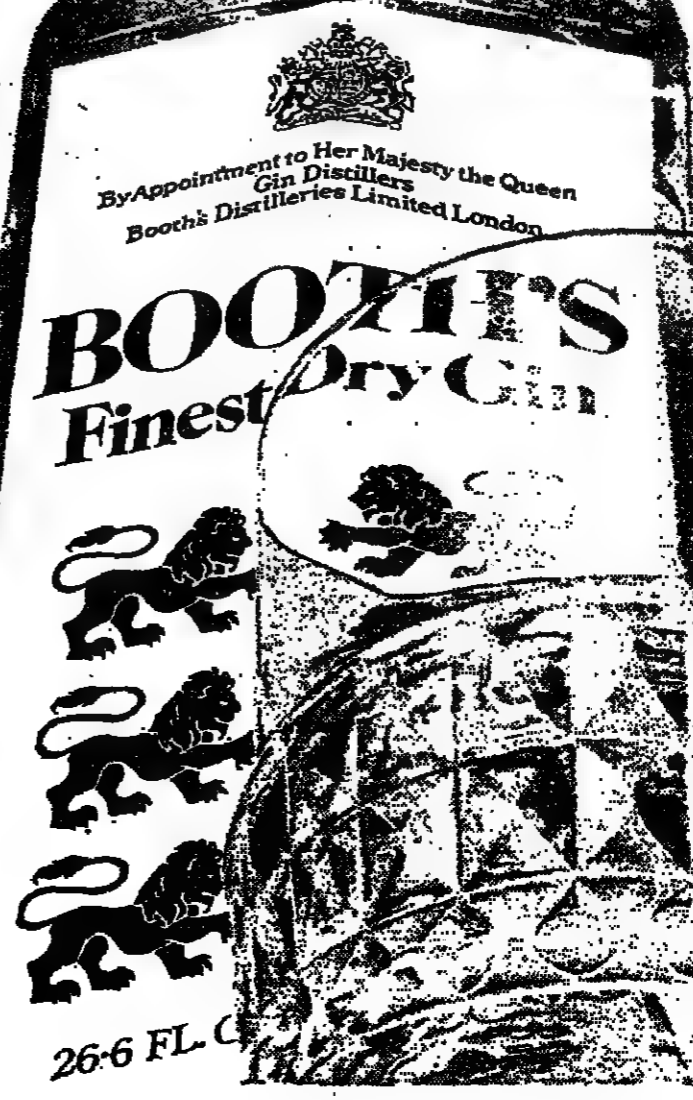
To-day's Events

GENERAL
The Queen and Duke of Edinburgh return from State visit to Finland.
Labour Party policy programme published.
Mrs. Shirley Williams, Prices Secretary, holds separate meetings with CBI and Retail Consortium on proposed Government modifications to Price Code.
UN Conference on Trade and Development due to end, Nairobi.
British Safety Council's awards banquet, Grosvenor House, W.1.
Guest speaker is Mr. Harold Walker, Minister of State, Employment.
Scottish National Party conference, Motherwell.
Amalgamated Union of Engineering Workers' conference ends, Scarborough.
Bolton's Union conference ends, Leeds.
Union of Post Office Workers' conference ends, Bournemouth.
Chelsea Flower Show ends, Royal Hospital, S.W.2.
PARLIAMENTARY BUSINESS
House of Commons: Adjournment debate: House then rises for Whitsun recess until Monday, June 7.
COMPANY MEETINGS
Anchor Chemicals, Manchester.
12. Aut and Wilton, 71, Sturton Lane, (Perer), Birmingham.
Leelle and Godwin, Great Eastern Hotel, E.C. 12.
British Canadian Inv. Edinburgh.
10.45. Peachey Property, Churchill Hotel, W. 12.
Phoenix (London), Rookbourne, 12. Ready Mixed Concrete, Dorchester Hotel, W. 12.
11.30. Reckitt and Culmen, Connaught Rooms, W.C. 11.
Reynolds (W. J.), 80, Pall Mall, S.W. 12.
Reynolds Parsons, Newcastle-upon-Tyne, 12.
Sandeman (Geo. G.), Connaught Rooms, W.C. 12.
Smith (W. H.), Strand House, E.C. 12.
Sunlight Service Group, Westbury Hotel, W. 12.
Worne Wright and Rowland, Birmingham, 12.15.
BALLET
Royal Ballet dance The Dream, Pantomime and Card Game, Sadler's Wells Theatre, E.C. 1, 7.50 p.m.
Sturton's Ballet perform Romeo and Juliet, Coliseum Theatre, W.C. 2.50 and 7.50 p.m.
SPORT
Cricket: England v The Rest, Bristol.
Golf: Penfold Tournament, Royal St George's, Sandwich.

Open house.

Opening up the smooth, dry taste of Booth's Gin is just the thing to make your guests feel at home. So, when you're entertaining at home, be open-hearted with Booth's.

Smooth Booth's



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Mr. J. A. T. Caulfield, 10, York Terrace West, N.W.1.

COMPANY NEWS + COMMENT

William Press jumps £1.3m.—rights issue

TURNING IN record profits of £4.43m. for 1975 William Press and Son, the civil and mechanical engineering contracting group, also announces plans to raise some £2.2m. by way of a rights issue in Ordinary shares.

The profit represents an increase of £1.27m. on the previous year and follows a first half rise from £1.27m. to £1.62m. At the interim stage the directors said group trading and order intake continued at a very satisfactory level and results overall indicated maintenance of a progressive trend.

The year's earnings per 3p share are stated to be up from 3.03p to 5.07p and the dividend is raised from 1.105p to 2.205p net with a final of 0.851p.

For the current year the directors report that trading continues at a satisfactory level and that the forecast dividends of 1.3p net on the enlarged capital. The Treasury has approved this payment in the context of the rights issue—it represents an increase of 24.4 per cent. on a basis over the gross equivalent for 1975.

The rights issue is of 11,068,507 new shares on the basis of one for every four held on May 14, at a price of 21p per share, payable in full on acceptance not later than June 22.

While the group currently has adequate cash balances—£5.64m. (£2.33m.) at the year-end—the directors believe it is necessary and prudent to strengthen the capital base; proceeds will provide funds towards the further development and expansion both at home and overseas and the additional cost of replacement of plant and machinery.

de Zoete and Bevan announce that underwriting has now been completed.

comment

Judging by the £4.8m. net cash displayed in its preliminary statement of assets, William Press is attempting to do no more with its £2.2m. rights issue than take advantage of favourable stock market conditions. The group has given little away about where the proceeds of the issue will be spent but it seems a fair bet that the overseas interests, which contributed largely towards the 40 per cent. rise in 1975 pre-tax profits, will come in for a significant part of the proceeds. The issue is offering only a small discount on the current share price of 24p but, following an acceleration of profits growth in the second six months, the group should have little difficulty in finding takers for the new shares, especially given a prospective ex-rights yield of around 10 per cent.

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First half fall at K Shoes

DUE TO "disappointing" results from the manufacturing subsidiaries, pre-tax profits of K Shoes fell from £1.33m. to £1.14m. in the six months to March 31, 1976, and the directors say it is unlikely that full-year profits will be as good as last year's £2.37m.

The interim dividend is held at 0.77p net per 25p share—last year's final was 1.378p.

Group turnover for 1975-76 was £11.0m. compared with £10.5m. in 1974-75. Profit before tax was £1.14m. compared with £1.33m. in 1974-75. Tax was £1.0m. compared with £1.1m. in 1974-75. Net profit was £0.14m. compared with £0.23m. in 1974-75. Dividend was 0.77p compared with 1.378p in 1974-75.

The chairman, Mr. S. Crookenden, says the factories were busy but some failed to reach production targets. Margins on manufacturing, already tight, were eroded by exceptional increases in leather prices and by lower than expected sales this spring in the home market.

Retail companies in the U.K. and Holland had a satisfactory half-year. Retail trade in clothing and footwear generally is running at lower levels of unit sales than last year the chairman adds.

comment

A drop in sales volume combined with the pressure of rising material costs (particularly of imported leather) to send K Shoes' interim profits 14 per cent. lower before tax. Pre-tax margins slipped by a full two points during the period to 5.9 per cent. The group managed to push up export sales in the first half by roughly 40 per cent. to 8 per cent. of total

Federated Chemical setback

AFTER dropping from £325,000 to £335,000 in the first half, pre-tax profits of Federated Chemical Holdings finished 1975 down from £1.53m. to £501,000. Turnover slipped from £31.08m. to £29,08m.

Basic earnings are shown to be down from 3.41p to 0.82p per share and fully diluted from 3.28p to 1.94p. The dividend total is lifted from £7,337p to the maximum permitted 2,992p net with a final payment of 1.819p.

The directors say they are aware that the proposed dividend would not be covered by profits excluding extraordinary items, but they believe that prospects justify a dividend of this level.

comment

Profit before tax includes £313,633 (£217,343) dividends including tax credit from Tioxide Group. As from January 1, 1976, it is proposed to treat the holding of an associated basis and, accordingly, has been revalued on the basis of the proportion of net assets attributable to the shareholding.

Central & Sheerwood tops £2.2m.

GROUP TURNOVER for 1975 of Central and Sheerwood expanded from £33.5m. to £38.4m. and pre-tax profits rose from £1.1m. to £2.2m. in the first half.

After higher tax of £1.1m. compared with £1.08m. full-year earnings per 3p share are shown to be down from 2.44p to 2.23p. The dividend total is lifted from 1.843p to the maximum permitted 1.9138p net with a final payment of 1.0219p.

The tax rate of 44 per cent. is caused mainly by trading losses in A. Mason not being allowed by current legislation to be offset against taxable profits elsewhere. This disproportionate rate will be "materially" reduced to 1976.

comment

The growth in profits continues to be derived from industrial activities, particularly the engineering division, say the directors. Ransomes and Rapier and Newton Chambers Engineering enjoyed "substantially increased profitability".

The directors say they are aware that the proposed dividend would not be covered by profits excluding extraordinary items, but they believe that prospects justify a dividend of this level.

comment

Central and Sheerwood's engineering companies can take virtually all of the credit for the 15 per cent. rise in the 1975 pre-tax profits of Federated Chemical Holdings. As a result of a drop in sales volume last year due to labour troubles in the motor industry, managed to increase its profits with the help of improved margins. The printing and publishing sector, Mason apart, maintained its contribution. In the current year, the group is looking for growth from its main engineering subsidiaries. Newton Chambers and Ransomes and Rapier, but is expecting Dunn to make particularly good progress this time as an increase in sales volume starts to come through. With the printing and publishing problems showing no signs of deterioration yet, the group looks set for further steady growth in the current year and the shares at 23p are supported by a yield of 3.4 per cent., admittedly only just covered.

Wheatstheaf expands to £3.9m.

The satisfactory profit increase forecasted by the directors of Wheatstheaf has been realised. Trading turns out to be from £2.95m. to £3.91m. for the year ended February 28, 1976. U.K. sales rose by 21 per cent. to £2.74m. and overseas were 28 per cent. ahead at £2.78m.

Chairman Mr. E. A. Moore says that comparisons of half yearly trading figures, excluding overseas, show profits of £1,023,000 for the first half and £1,138,000 for the second. Increases of 37 per cent. and 12 per cent. respectively. This is, however, somewhat misleading because in the first half of 1975 profits were severely debilitated as a result of the Price Code.

During the second half of 1975/76, a combination of recession and a mild winter caused sales to be slower and this turnover was below budget—but net margins were maintained at a more normal level.

Earnings per 25p share are stated to be up from 12.5p to 12.1p. A final dividend of 3.05p per share on the increased capital is recommended making a total for the year of 3.03p (4.8803p).

Mr. Moore says that he views the future with confidence. The policy Wheatstheaf has followed in backing both ends of the retail spectrum is now clearly seen to be working, with good growth and good profits at Carrefour and, since the year end, a return to healthier times in the wholesale companies, he reports.

Certain short leaseholds, previously depreciated by reference to the period to the next rent review, now conform to the normal policy of depreciation by reference to the unexpired period of the lease. The effect of this change has been to increase the profit before tax for the period by £30,000. Comparative figures have been restated to show the new basis.

comment

Though Wheatstheaf's interim performance was battered by a depressed overseas period, the sharp slowdown in the second half leaves room for disappointment. Stripping out the first-time contribution from the French acquisition, second-half pre-tax profits are only 12 per cent. higher for a full-year rise of 28 per cent. (32 per cent. including Establishments Pidon). The year's sales advance of 21 per cent. for "delivered wheat" and 12 per cent. for "traded wheat" is not particularly impressive against, say, Nurdin

| DIVIDENDS ANNOUNCED | | | |
|-----------------------------|-----------------|---------|--------------------|
| Company | Current payment | Date | Corresponding year |
| Allied London Props. | mt. 0.51 | July 23 | 0.81 |
| Ambrase Trust | mt. 2.9 | July 30 | 1.9 |
| Associated Engrg. | mt. 1.1 | July 19 | 1 |
| Avon Rubber | mt. 1.48 | June 21 | 1 |
| Bass Charrington | mt. 2.21 | July 16 | 1.35 |
| J. Billam | mt. 0.93 | Aug. 6 | 0.93 |
| Matthew Brown | mt. 1.3 | July 23 | 1.3 |
| Caplan Profile | mt. 1.3 | Sept. 2 | 0.3 |
| Caravans Intnl. | mt. 1.2 | July 13 | 0.73 |
| Central & Sheerwood | mt. 2.23 | July 28 | 2.18 |
| Cope Sportswear | mt. 0.99 | July 29 | 0.27 |
| Courtaulds | mt. 1.54 | July 31 | 1.70 |
| East Midland Allied Pr. | mt. 1.54 | — | 1.18 |
| Edwin (Hedges) | mt. 1.54 | — | 3.17 |
| Exchange Telegraph | mt. 1.54 | — | 2.87 |
| Federated Chemical | mt. 1.54 | — | 1.65 |
| Hay's Wharf | mt. 1.54 | — | 1.29 |
| Intl. Paint | mt. 1.54 | — | 0.76 |
| Kelley Lids | mt. 1.54 | — | 0.76 |
| K Shoes | mt. 1.54 | — | 0.77 |
| Lindsey and Williams | mt. 1.54 | — | 0.76 |
| Lincoln Concrete Mach. Int. | mt. 1.54 | — | 0.76 |
| Morgan Crucible | mt. 1.54 | — | 0.76 |
| New Throgmorton | mt. 1.54 | — | 0.76 |
| 1925 Investment | mt. 1.54 | — | 0.76 |
| Nottingham Brick | mt. 1.54 | — | 0.76 |
| Wm. Press | mt. 1.54 | — | 0.76 |
| Sangers | mt. 1.54 | — | 0.76 |
| Scott and Robertson | mt. 1.54 | — | 0.76 |
| Wilton Lids | mt. 1.54 | — | 0.76 |
| Witan Inv. | mt. 1.54 | — | 0.76 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Includes 0.0065p correction to deficiency in final for 1974. (b) Projected final 0.67p. (c) Treasury consent indicated. (d) In lieu of final.

earnings per share will rise from 0.25p to 1.51p which put the shares at 37p, on a prospective p/e of 2.4.

Statement Page 23

Caravans advance at halfway

A PROFIT before tax of £531,300 is reported by Caravans International for the half year ended February 28, 1976, compared with a loss of £308,000 for the corresponding period and a profit of £123m. for the last full year.

The directors forecast an increase in full year profits and say that it is not expected the group will incur any major extraordinary items of expense. Net attributable earnings for the full year should be "very significantly greater" than those for last year, they add.

First half earnings per 25p share are given at 1.8p (loss 7.5p) and the interim dividend is lifted from 0.5p to 1p net—the Treasury has indicated consent. The directors expect a final (1975-76) in due course, but in view of the continuing need to conserve U.K. cash resources, believe that this will have to be a limited one.

They believe that, in the absence of unforeseen circumstances, the U.K. companies will show a trading profit in the second half sufficient to bring them close to a break-even position for the full year and they expect the overseas companies to continue trading profitably.

comment

Caravans International's interim results show that it is finally placed on the recovery path. The U.K. operations, though incurring £1m. losses in the first half, are expected to break even for the full year against losses of £1m. in 1974-75. Meanwhile, South Africa, which earned £1.5m. pre-tax last year, and West Germany are doing very well, though New Zealand is a little bit down. The weakness of sterling will mean a good element of exchange gains on U.K. assets which were £1.1m. last year. So it is not inconceivable that pre-tax profits may top 1973-75's record £2.3m. At this level, and with the company around 54 pence at the end of reckoning that the tax charge from last year's 82 per cent. to around 50 per cent. p/e of 12.

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Leslie & Godwin

(HOLDINGS) LIMITED

INSURANCE BROKERS

1975 1974
£000's £000's
Pre tax profits 3,456 3,555
Profit after taxation 1,692 1,604
Earnings per Ordinary Share of 10p 8.377919p 8.066005p

Extracts from the Statement by the Chairman, Mr. N. W. Gant, for the year ended 31st December, 1975. Thirteenth Annual General Meeting—28th May, 1976.

* I feel that the results in an exceptional year for your Company are satisfactory, and we remain in a strong financial position.

* I believe that we can reasonably expect continued growth and that we shall be able to demonstrate this twelve months hence.

Dunster House, Mark Lane, London, EC3P 3AD.

AE ahead 40% after six months

A JUMP of 40 per cent. to £9.1m. in group pre-tax profits is reported by Associated Engineering for the six months ended March 31, 1976, and current indications are that the full year's profits will continue to show a satisfactory increase over 1974-75, says chairman Mr. N. Ferguson.

Profits attributable to Ordinary holders emerged at £4.1m. against £2.8m.—equal to earnings per 25p share of 5.6p, compared with 4.1p. Sales for the six months were up by 30 per cent. to £131.1m. Exports from the U.K. increased by 19 per cent. to £17.9m. and in total, direct exports and sales by overseas companies amounted to 38 per cent. of total group sales.

Profits before interest and tax were £11.1m.—an increase of 24 per cent. and only represent 9.2 per cent. of sales. The chairman reports that sales of diesel components have recorded a further increase, while demand for most other products has shown little or no improvement over the depressed levels of 1975. At Caravans, margins improved as a result of the reduction in manning levels in 1975, together with other management action.

Mr. Ferguson expects demand in the second half to continue at current levels, although there has been a shortening of order books in some areas, but this is due to a much better supply position.

Subject to the success of the programme to control inflation, he continues to believe there will be a higher level of demand in 1977, and it is planned to expand production capacity and increase stocks of key materials and components during the coming months.

The interim dividend—costing £305,000—is raised from 1p to 1.1p net. For 1974-75, total of 3.56p was paid from profits of £13.7m.

Shareholders' accounts for 1975-76 show a reduction from 1.56p to 1.35p in the year ended April 30, 1976. Gross income amounted to £4.1m. (£4.13m.) while the balance attributable to Ordinary holders came to £1.3m. (£1.17m.).

The Ordinary dividend is raised from 1.5p to 1.65p net with a final of 0.9p. The dividend on the "B" shares is again 0.65p net—the rate of the scrip issue will be announced when agreed with the auditors.

Net assets value per Ordinary and "B" Ordinary share was 100.7p (87.7p).

Burmah Action Group claim

The Burmah Shareholders Action Group claims to have received strong support from Burmah shareholders for its proposal to requisition an extraordinary meeting if no progress in taking legal action against the Bank of England has been reported by the autumn. The Group is pressing for a revision of the terms under which the Bank acquired

Full year earnings are shown to be up from 5.83p to 10.55p per share in 1975, for £170m. figure more than £130m. below the present listed from £80.1875p to the maximum of the stake.

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Hawker Siddeley Spillers
Vickers Tarmac
John Laing BOC International
Taylor Woodrow Marley
Reed International News International

As another regular service for investors, we provide the only complete share-by-share breakdown of weekly performance in each of the 43 sub-sections of the FT-Actuaries Share Indices. In addition, there is a special feature detailing the comparative performance of selected companies in a different sector of industry or commerce every week.

To protect your capital and maximise your returns, it's vital to have an overall picture of investment opportunities—just reading the daily papers is not enough when your money and savings are at stake.

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HISPANO FUND

For the information of unitholders:—

In the United Kingdom Coupon Number 10 is now payable on presentation to the London Paying Agents, Charterhouse Japhet Limited. A distribution of U.S.\$1.18 per unit is due as from the 31st May 1976 will be paid less U.K. tax at the standard rate.

U.K. Issuing and Paying Agents: Charterhouse Japhet Limited

1 Paternoster Row, St. Pauls, London EC4M 3DH

COURTAULDS

Profit and Dividend 1975-76

The Board announces its intention to recommend a final dividend of 4.143p per Ordinary Share which, together with the imputed tax credit, is equivalent to a gross dividend of 6.374p making a total of 9.396p for the year. Under the Government's counter-inflation regulations, this is the maximum permitted. It compares with 8.526p in 1974-75.

The results are:

Year to 31st March 1975

£m. 1975 1976
1,133.9 World Sales to Third Parties..... 1,166.3
558.5 Sales to U.K. Customers..... 574.6
285.4 Exports from United Kingdom..... 285.3
118.2 Profit before Taxation..... 48.3

1975 1976
£m. £m.
176.8 Trading Surplus..... 102.5
48.3 Depreciation..... 56.2
128.5 Exceptional Items (Add in 1976—Deduct in 1975)..... 2.0
10.3 48.3

29.3 Less Taxation including £4.3m abroad (1975—£23.2m) 13.9
38.9 34.4
6.4 Less Minority Shareholders' Interest..... 8.1
82.5 Courtaulds Shareholders' Interest..... 26.2
0.2 Dividends—Preference..... 0.2
15.1 — Ordinary..... 16.6
15.3 16.8
67.2 Retained..... 9.5
82.5 26.3

Earnings per Ordinary Share 9.56p (1975—30.43p)

Exceptional Items include an exchange surplus of £7.4m (1975—deficit of £7.8m), realisation profits of £4.3m (1975—£0.5m) and reorganisation and closure costs of £9.7m (1975—£3.0m).

Expenditure on new fixed assets amounted to £103.4m (1975—£114.7m). The sharp recession in the world textile industry continued virtually unabated for most of 1975. Margins deteriorated in both the U.K. and overseas. The anticipated upturn in trade in the second half of the year was slow to materialise though in the U.S.A. there were signs of a marked improvement.

The accounts will be posted on 21st June 1976 and the Annual General Meeting will be held on 21st July 1976. The Ordinary Final Dividend will be paid (if approved) on 30th July to Shareholders on the Register on 27th May 1976.

Courtaulds, Limited, 18 Hanover Square, London W1A 2BB.

L. R. Croydon, Secretary, 27th May 1976

Moscow Narodny Bank



A year of consolidation

The following is a summary of the Chairman's Statement which has been circulated with the Report and Accounts for the year ended 31st December, 1975.

General Progress

Net Profit for 1975, our 56th year of operations, was £1,425,829. No dividend is proposed and the sum of £1,450,000 is being placed to General Reserve bringing the balance of this account to £7,300,000. During 1975 our Paid-up Capital was increased from £11 m. to £15.5 m and Authorised Capital to £20 m.

Since 31st December, the Paid-up Capital has been increased to £20 m. and it is intended in the near future further to increase the Authorised Capital to £25 m. and the Paid-up Capital to £21.5 m.

Economic and Business Conditions in 1975

Following the dislocations in the previous year caused by the oil price rises, 1975 was again a profoundly uncomfortable year for the developed Western nations, with economic activity slumping in the OECD by almost 2%, and industrial production falling by some 9%. The simultaneous nature of the recession, the massive payments deficits which had built up in 1974 and the efforts to bring inflationary pressures under control all meant that corrective action towards economic recovery was taken both late and with considerable caution.

The Moscow Narodny Bank did not, however, suffer from these adverse economic conditions to the same extent as many of our competitors because of the nature of our primary business - the financing of East-West trade. World trade in volume terms declined by 6% in 1975 recording a dollar value expansion of a mere 4%, but the value of the OECD's trade with the Socialist Countries rose by some 15%, and this naturally gave us a firm base on which to build our business. The continued expansion of East-West trade was not achieved by chance, but was soundly grounded on the sustained achievement of continued economic growth in the Socialist Countries. Indeed, the net material produce of the CMEA countries grew by over 5% in 1975, a notable achievement when compared

with the poor record of most developed Western nations.

I have been particularly pleased to note the efforts made by British exporters to capitalise on the lead given by the programmes signed by the United Kingdom and the Soviet Union in February 1975 in Moscow. The impetus given by these agreements was witnessed by an increase of some 90% in British sales to the Soviet Union last year.

Head Office and Branch Business in 1975

Assets have shown a modest increase from £1,116.2 m. to £1,213.5 m. and in addition there has been a real overall growth in our turnover and profitable assets during 1975. Documentary business particularly connected with East-West financing continues at a high level. We were again active in the consortium lending field together with London and continental banks, to borrowers in the Socialist and non-Socialist countries.

Branch business was affected by adverse political and economic conditions. Fortunately our business in Beirut is largely "off-shore" and timely measures taken made it possible to maintain reasonably efficient continuity in that area.

A policy of stabilisation and consolidation was adopted in the case of our Singapore Branch, resulting in a contraction of new business. Towards the end of the year the branch moved into its own new, purpose built premises in the heart of the Banking district. This should greatly enhance the efficiency of our operations in Singapore.

I should like to express my personal thanks to the Management and staff of Head Office and the Branches for their efforts; especially those in Beirut for their loyalty and determination in the face of a highly difficult and dangerous situation.

I should also like to record the active and friendly co-operation that we continue to receive from banks and financial institutions in the City of London.

Moscow Narodny Bank

The bank for East-West trade

24, 32 King William Street, London EC4P 4JS

Static second half leaves Courtaulds £70m. off

FOLLOWING THE warning last November that profits in the second half of 1975-76 might be no better than those of the first, the directors of Courtaulds now report a pre-tax balance of £28.2m. bringing the total for the year ended March 31 up to £48.3m. This represents a reduction of £69.9m. on the previous year.

The directors say the sharp recession in the world textile industry continued virtually unabated for most of 1975. Margins deteriorated in both the U.K. and overseas. The anticipated upturn in trade in the second half was slow to materialise though in the U.S.

There were signs of improvement. World sales to third parties showed an increase from £113m. to £117m. This included sales to U.K. customers up from £38.5m. to £37.8m. and exports from £74.5m. to £79.2m. The U.K. little changed at £28.2m. against £28.2m. at the attributable level the profit balance emerges at £26.5m. compared with £22.5m. and earnings per 25p share are stated to be down from 30.43p to 9.56p.

The dividend is raised by the maximum permitted—from £3.97p to £1.07p net, with a final of 4.143p.

External sales £1,163.3, 1975-76; 1,123.3, 1974-75. Trading surplus 102.3, 1975-76; 102.3, 1974-75. Depreciation 36.5, 1975-76; 36.5, 1974-75. Exceptional items 2.0, 1975-76; 2.0, 1974-75. Profit before tax 26.5, 1975-76; 26.5, 1974-75. Taxation 1.0, 1975-76; 1.0, 1974-75. Net profit 25.5, 1975-76; 25.5, 1974-75. Dividends 14.3, 1975-76; 14.3, 1974-75. Retained 11.2, 1975-76; 11.2, 1974-75.

See Lex

Earnings up at New Throgmorton

Pre-tax revenue of the New Throgmorton Trust advanced from £1,000,396 to £1,291,990 for the year to March 31, 1976 and the net balance available for Income shareholders was £698,511 against £654,167, giving stated earnings per 25p share of 1.785p compared with 1.672p.

As forecast, the net dividend total is lowered from last year's exceptional 1.65625p to 1.34375p with a final of 0.4p.

Revenue before tax 1,291,990, 1975-76; 1,000,396, 1974-75. Taxation 265,223, 1975-76; 265,223, 1974-75. Net available 1,026,767, 1975-76; 735,173, 1974-75. Forward 1,026,767, 1975-76; 735,173, 1974-75.

BOARD MEETINGS

The following companies have notified their Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Dividends are not payable unless the directors are satisfied that the company's financial position is such that it is reasonable to pay them.

TODAY
Interim—A. Aronson, Less Berger, David Dean, Sir Joseph Gossens, Chairman.
First—Allied Leather Industries, John Crocker, Robert Gossens, E. Z. Vernon, Kayser, Dooder, S. Lebat (Vobell), Metcalf Group, Norman Electrical, Portland Industries, Western Bros.

FUTURE DATES
First—Century Oils June 3
Gosh Bros. June 4
Old Swan Hall June 5
Palm June 5
Preston June 5
Queens Meat Processors June 10

EMAP second half upturn

PROFITS of East Midlands Allied Press in the second half more than made up ground lost in the first, and the group pre-tax balance for the year ended March 27, 1976, emerges 7 per cent higher, £24,788. Earnings per 25p share are stated to be up from 5.2p to 6.1p.

The directors explain that the increased profit was due mainly to the exceptional performance of the national publications, particularly those serving the motor-cycle market. But for the delaying restrictions of the Price Code, results would have been better.

A decline in employment classified advertising affected profits of the provincial newspaper division, though both the trade and newspaper companies became profitable.

The plant replacement programme at Kettering resulted in higher interest charges—up from £49,988 to £140,590—but the share

holders are helped to improve cash flow. Provided the Government wages policy holds and good industrial relations are maintained, an improvement in profitability is looked for in the current year, the directors state.

As forecast, the directors are recommending a final dividend of 1.5375p net per share, making 2.6p. This is an increase of 13.7 per cent over 1974-75, and Treasury permission has been obtained.

See Lex

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GREEN'S ECONOMISER GROUP LIMITED

extracts from the Report and Accounts for 1975 and from Mr. S. L. Green's Statement to shareholders:

READING REVIEW: Each Company in the Group has shown good results. Group turnover rose by 42.5% and pre-tax profit by 43.9% to £1,819,656.

DIVIDENDS: A final dividend of 2.8p net per 25p share on capital as increased by the rights issue, consent having been received from H.M. Treasury to pay dividends totalling 885p net per 25p share in respect of 1975 (1974: 1.978p).

UTURE PROSPECTS: Although there has been a decline in order book for major capital goods, the other activities which have been introduced in recent years now take us into an increasing volume of short term delivery business. Consequently most of our subsidiary companies expect to at least maintain, and some of them improve, their results during the current year. Capital expenditure of £100,000 has been authorised for installation of electric melting facilities necessary for high alloy castings.

ANNUAL GENERAL MEETING: At the Meeting the Chairman stated that he was now more confident that 1978 would be a good year for the Company. The first four months of trading were at a level in excess of the same period last year and there were now better prospects of improving the order book in the immediate future.

| | 1975 | 1974 |
|--------------------|-----------|-----------|
| Issued Capital | 1,615,233 | 1,615,104 |
| Group Net Assets | 7,640,999 | 5,464,522 |
| Profit before tax | 1,819,656 | 1,264,423 |
| Profit after tax | 1,116,196 | 595,402 |
| Dividend (Gross) | 3,855p | 1,978p |
| Earnings per share | 13.60p | 9.48p |

The Directors' Report and Accounts are available from: The Secretary, Collier Vale Road, Wakefield.

The Beauford Group

RESULTS FOR YEAR ENDED 1st DECEMBER

| | 1975 | 1974 |
|----------------|------------|------------|
| Turnover | £4,351,037 | £3,394,284 |
| Pre-tax Profit | 152,549 | 188,882 |

From the statement by the Chairman, Mr. G. Crucford:

The year 1975 proved a very difficult one for British industry as a whole and I am pleased to report the best results ever achieved by the Company. Our turnover increased by 34% from £3,394m. to £4,351m., and our profits before tax by 77% from £198,000 to £383,000.

A final dividend of 1.84p per share together with the interim of 0.875p already paid, gives a total for the year of 2.715p per share net—maximum permitted.

The balance sheet shows an increase in net current assets of 18% without any diminution in the book value of fixed assets.

I am pleased to be able to report that our exports at £400,000 returned to a more acceptable figure. Continuing efforts are being made to expand our sales abroad, particularly in the United States and in the Middle East.

Management figures indicate that we have made a good start to the current year and we have every reason to believe that the results for 1976 will be satisfactory.

THE BEAUFORD GROUP LIMITED.
CLECKHEATON, YORKSHIRE

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, May 28, 1978. Exchange rates have been compiled from Bank of America NT & SA's world-wide network of branches from various sources. Change rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (in), the rate quoted is the numerical rate unless otherwise indicated. Currencies are quoted in foreign currency

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Bank of America
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3 months: 6% 6 months: 7%

MINING NEWS

RTZ faces a challenge

By KENNETH MARSTON, MINING EDITOR

DESPITE THE inevitable political, social, commercial and financial problems which face international mining groups, the RTZ position is "strong", says "The Times". This comment was made yesterday by the director concerned with financial affairs, Mr. Andrew Buxton, at the European Investment Analysts' conference in Brighton.

He considered that the group's future areas of profits growth would be in copper, boron, uranium and, possibly, iron ore and coal. But he reckoned that while energy projects will become more important to RTZ, copper is likely to be the largest single factor in earnings "for a good many years".

Mr. Buxton thought that a rise in the copper price to 80 cents per lb. from the current 70 cents, could be maintained for an extended period. But he pointed out that with surplus stocks now well over 1m. tonnes, world production is again expected to exceed demand at end-1978 compared with 1977. At the end of the previous year.

Meanwhile, aluminium is still making inroads into copper markets, but he considered that a shortage of aluminium capacity will develop over the next few years, giving increased returns to existing producers. The reason for this is "fairly weak" because of the phasing out of lead additives in petrol, but Mr. Buxton thought that demand for aluminium should grow steadily and benefit from increased plastics prices and possible aluminium shortages.

He injected a note of caution regarding the current euphoria over aluminium, although he did not deny that the material's medium term outlook is bright. He pointed out, however, that it will be some time before mining companies benefit fully from the present high prices because most uranium is sold on long term forward contracts. Of the group's new Rossing mine, he said, "we are quietly confident".

Commenting on the soaring cost of financing new mines, Mr. Buxton did not agree with the view that mining companies may in future be restricted to little more than management companies. He reckoned that sufficiently attractive mining ventures can always be financed—albeit against the background of higher metal prices.

Some 15 per cent. of RTZ shares are owned by non-U.K. residents, mostly in France and the U.S. Of the balance, Mr. Buxton said that some 35 per cent. is held by individuals and 25 per cent. by institutions. He pointed out that RTZ's net asset value based on book is about \$50p per share. This compares with yesterday's market price of 217p and one

Beralt in Portugal

THE PORTUGUESE 80.55 per cent.-owned operating company of Beralt Tin and Wolfram has declared a dividend of 30m. escudos for 1975 which would cover a dividend of about 3.5p per Beralt share. But the latter's chairman, Mr. L. G. Stopford Sackville points out that Portuguese consent for the remittance of the money has not yet been received.

Beralt's share of the operating company's dividend for 1974 has been authorised for payment in three instalments in 1974, 1975 and 1977. The first of these (1.75p) was paid last year. Meanwhile, the company's cash position is healthy with net liquid balances of £5.9m. at end-1975 compared with £2.3m. at the end of the previous year.

Although the price of wolfram is buoyant at around £80 per metric ton unit, Beralt is having to cope with advancing costs and the impact on production of a shorter working week in Portugal. Heavier capital spending is thus being made on increased mechanisation. As far as politics are concerned, Mr. Stopford Sackville says that he expects that we should have confidence in the new administration. Beralt were 27p yesterday.

RCM'S £5.4M. QUARTERLY LOSS

Despite higher sales of copper and a rather better price obtained for them, Zambia's RCM Consolidated Mines has suffered a quarterly loss of £5.4m. (£5.4m.) in the March quarter. This compares with a loss of £0.38m. in the previous quarter and makes a total loss for the year of £18.4m. The average copper price received last quarter increased slightly to 77.7p (£82.7p) per tonne.

Some comfort may be drawn from last quarter's increase, which suggests that the group is overcoming its transport difficulties. There is also the expectation that RCM should be getting a significantly higher copper price in the current quarter. But any return to dividend declarations must still be some way off. The shares were 160p yesterday.

AZCON TO BUY SCRAP FIRM

The Consolidated Gold Fields' group's U.S. Azcon Corporation has agreed in principle on the acquisition of the scrap and steel business of Ryman-Michaels. The transaction is expected to be concluded in July, it is stated. Ryman-Michaels has an annual turnover of around \$70m. (\$39m.) and is one of the five biggest companies engaged in the scrap metal business in the U.S.

J. Coral ahead and confident

At the AGM of J. Coral Holdings, chairman Nicholas Coral reported that both turnover and profits had continued at satisfactory levels during the current year and he said he had "every confidence" that 1978 would see further progress. Coral has now completed the purchase of 556,000 Brighton and Hove Stadium shares. Referring to the offer for Brighton and Hove, Mr. Coral said this was the beginning of the company's venture into greyhound racing. Brighton and Hove should prove an excellent long-term investment, not only in its own right, but also as a springboard for subsequent investment in the field of greyhound racing. Shareholders approved resolution changing the name of the company to Coral Leisure Group. Arrangements have been made for the change to be effective immediately.

Good sales start by Bentalls

SALES of Bentalls, the department stores group, in the current first half from February 1 were 13 per cent. up on last year, chairman Mr. Rowan Bentall told yesterday's annual meeting. Sales in May were so far 28 per cent. ahead.

Mr. Bentall pointed out that these gains were achieved despite the fact that sales in April last year were distorted by the advance warning that Value Added Tax on electrical goods was to be increased from May 1.

Farnell sales and profit up

The chairman of Farnell Electronics, Mr. A. E. Long, told the annual meeting that the first three months of the current year showed a substantial increase in turnover of over 11 per cent. with a corresponding increase in profitability.

BIDS AND DEALS

Granada buys Spectra

Granada, the television and leisure group, has acquired Spectra, the TV rentals company which is owned by 80 per cent. by GEC (Radio and Television) and the remainder by founder Sir Tom Ludlow. The consideration was £8.3m.—£8.25m. cash and £25,000 in the form of 300,000 Granada "A" Ordinary.

Spectra, which was acquired by General Electric through its wholly-owned subsidiary GEC (R. and T.) with effect from April 1978, is expected to make pre-tax profits of £1.5m. in the year ending March 31, 1978. Net tangible assets of Spectra are put at £1.6m.

Granada will be acquiring around 286,000 colour and 73,000 monochrome sets and expects to benefit from the increased density in branches and the savings in overheads.

The move which is yet another indication of the rationalisation of the TV rental industry, will give Granada (according to brokers' estimates) approximately 15 per cent. of the total U.K. market.

GKN's German deal position

A positive decision from the European Economic Community on Guest Keen and Nettlefold's proposed acquisition of almost 75 per cent. of Sachs, the West German clutch manufacturer, for £71.2m. is hoped for in the next two or three weeks, Mr. Barrie Heath, the chairman said yesterday. Last week the German Federal Cartel Office ruled against the take-over deal, which also requires EEC approval. "The possibility of a negative decision was taken into account in the sale and purchase agreement when we signed last December," Mr. Heath reminded shareholders at the annual meeting. The agreement includes a proviso that if the transaction were vetoed both parties would appeal. Mr. Heath promised that GKN would contest the Cartel Office's ruling "in true GKN style."

He went on to say that the group was looking for a modest improvement in this year's results, with exports being specifically aimed at America and Europe as the main areas.

BTR U.S. deal gets Bank approval

BTR has gained Bank of England approval for its proposed \$42.5 share cash offer for SV Industries incorporated in the U.S.

The deal will be financed through a \$30m. (£17m.) Euro-dollar borrowing in the U.S., thus avoiding the dollar premium route. It represents the first step in BTR's intended programme of U.S. expansion.

SV Industries said yesterday that approval by two-thirds of its shareholders is required. The Board, who together with association and employees control 35 per cent. of the equity, have registered initially approval of the offer. A meeting has been set for July 8 and, if shareholders consent, the merger would be effective the next day.

SANDHURST TALKS DISCONTINUED

Sandhurst Marketing said that the discussions which might have led to a takeover bid, as announced on January 29, have now been discontinued. The shares, which have been as high as 38p this year, fell by 5p to 20p last night.

CAVENHAM FOODS

Proposals to restructure Sir James Goldsmith's Cavenham Food group were approved on a show of hands at the extraordinary meeting. Sir James announced that he had received votes in respect of 12m. shares of which only 2.8m. per cent. were against the proposals. Approximately 50m. shares were eligible for votes.

INTERIM STATEMENT

K Shoes Limited

Interim Statement

The unaudited results of the K Shoes Group for the half-year were:

| Half-year ended 31st March | 1976 | 1975 |
|---|---------------|---------------|
| Group Turnover | £200's 19,307 | £200's 16,831 |
| Group Profit after all charges but before taxation | 1,141 | 1,327 |
| Taxation (Corporation Tax at 52%) | 640 | 719 |
| Group Profit after Taxation | 501 | 608 |
| Amount absorbed by Dividends Preference—half-year to 31st March | 5 | 5 |
| Ordinary—interim | 116 | 116 |
| TOTAL | 121 | 121 |

The Board has decided on the payment of an Interim Dividend on the Ordinary Shares of 0.77p per share (1975—0.77p).

This Interim Dividend will be paid on 8th September 1976 to Ordinary Shareholders on the Register at the close of business on 21st June 1976.

The Chairman, Mr. S. Crookenden, comments:

"The drop in pre-tax profits is due to disappointing results from the manufacturing subsidiaries. The factories were busy but some failed to reach their production targets. Profit margins on manufacturing, already tight, have been eroded by exceptional increases in leather prices and by lower than expected sales this Spring in the home market."

The retail companies, both in the U.K. and Holland, have had a satisfactory half-year. Four new K Shoe shops opened in the period of which Brent Cross has made a particularly lively start. Two more of our shops in Holland have been successfully converted to K Shoe shops.

Retail trade in clothing and footwear generally is running at lower levels of unit sales than last year. It is unlikely that Group profits for the year will be as good as last year's results."

K Shoes Limited, Kendal, Cumbria

British Rail

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

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units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked. All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
redollar Libor as of May 27 at 11.00 a.m.
3 months: 6% 6 months: 7%

| Country | Currency | Value of D.L.R. | Country | Currency | Value of D.L.R. |
|--------------|-----------|-----------------|--------------|----------|-----------------|
| Austria | Schilling | 13.7603 | Guatemala | Quetzal | 2.0000 |
| Belgium | Franc | 36.3633 | Honduras | Lempira | 5.0000 |
| Canada | Dollar | 0.7135 | India | Rupee | 0.0348 |
| Denmark | Krone | 6.4656 | Indonesia | Rupiah | 0.0007 |
| France | Franc | 6.5595 | Italy | Lira | 0.0002 |
| Germany | Mark | 2.3636 | Japan | Yen | 0.0074 |
| Greece | Drachma | 200.4840 | Kenya | Shilling | 0.0567 |
| Holland | Guilder | 2.3636 | Malaysia | Ringgit | 0.0222 |
| India | Rupee | 0.0348 | Mexico | Peso | 0.0500 |
| Italy | Lira | 0.0002 | Nicaragua | Colon | 0.0236 |
| Japan | Yen | 0.0074 | Peru | Soles | 0.0000 |
| Kenya | Shilling | 0.0567 | Portugal | Escudo | 0.0002 |
| Malaysia | Ringgit | 0.0222 | Romania | Leu | 0.0000 |
| Mexico | Peso | 0.0500 | South Africa | Rand | 0.0000 |
| Nicaragua | Colon | 0.0236 | Spain | Peseta | 0.0000 |
| Peru | Soles | 0.0000 | Sweden | Krona | 0.0000 |
| Portugal | Escudo | 0.0002 | Switzerland | Franc | 0.7033 |
| Romania | Leu | 0.0000 | Taiwan | Dollar | 0.0000 |
| South Africa | Rand | 0.0000 | Thailand | Baht | 0.0000 |
| Spain | Peseta | 0.0000 | Turkey | Lira | 0.0000 |
| Sweden | Krona | 0.0000 | U.K. | Pound | 0.7135 |
| Switzerland | Franc | 0.7033 | U.S.A. | Dollar | 1.0000 |
| Taiwan | Dollar | 0.0000 | West Germany | Mark | 2.3636 |
| Thailand | Baht | 0.0000 | Yugoslavia | Dinar | 0.0000 |
| Turkey | Lira | 0.0000 | Zambia | Kwacha | 0.0000 |
| U.K. | Pound | 0.7135 | | | |
| U.S.A. | Dollar | 1.0000 | | | |
| West Germany | Mark | 2.3636 | | | |
| Yugoslavia | Dinar | 0.0000 | | | |
| Zambia | Kwacha | 0.0000 | | | |

Bank of America
redollar Libor as of May 27 at 11.00 a.m.
3 months: 6% 6 months: 7%

These Bonds have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

27th May, 1976

MARUI CO., LTD.

(Kabushiki Kaisha Marui)

U.S. \$30,000,000

6½ per cent. Convertible Bonds 1991



Nomura Europe N.V.

Union Bank of Switzerland
(Securities) Limited

Robert Fleming & Co.
Limited

Algemeene Bank Nederland N.V. Amsterdam-Rotterdam Bank N.V. Associated Japanese Bank (International) Limited

Bank Mees & Hope NV Banque Bruxelles Lambert S.A. Banque Européenne de Tokyo S.A.

Banque Générale du Luxembourg S.A. Banque de l'Indochine et de Suez Banque Nationale de Paris

Banque de Neufville, Schlumberger, Mallet Banque de Paris et des Pays-Bas Banque Rothschild

Banque de l'Union Européenne Baring Brothers & Co. Bayerische Vereinsbank

Berliner Handels- und Frankfurter Bank Cazenove & Co. Christiania Bank og Kreditkasse

Citicoop International Bank Commerzbank Crdit Lyonnais Credit Suisse White Wolf

Daiwa Europe N.V. Deutsche Bank Deutsche Girozentrale The Development Bank of Singapore

Dewas & Associés International S.C.S. Dillon, Read Overseas Corporation Dresdner Bank

European Banking Company First Boston (Europe) Goldman Sachs International Corp.

Hambros Bank Hessische Landesbank Hill Samuel & Co. Jardine Fleming & Company

Kidder, Peabody International Kleinwort, Benson Kredietbank S.A. Luxembourggoise

Kuhn, Loeb & Co. Asia Kuwait Foreign Trading Contracting & Investment Co. S.A.K.

Kuwait International Investment Company S.A.K. Kuwait Investment Company S.A.K.

Lazard Brothers & Co. Manufacturers Hanover Merrill Lynch International & Co.

Mitsubishi Bank (Europe) S.A. Samuel Montagu & Co. Morgan Grenfell & Co.

Morgan Stanley International Nederlandsche Middenstandsbank N.V. Nederlandse Credietbank N.V.

New Japan Securities Co., Ltd. The Nikko Securities Co., (Europe) Ltd.

The Nippon Kangyo Kakumaru Securities Co., Ltd. Nomura International (Hong Kong) Ltd.

Osakaya Securities Co., Ltd. Pierson, Holding & Pierson N.V. N. M. Rothschild & Sons

Salomon Brothers International Sanyo Securities Co., Ltd. J. Henry Schroder Wagg & Co.

Singapore Nomura Merchant Banking Societe Generale Societe Generale de Banque S.A.

Smith Barney, Harris Upham & Co. Societe Generale Societe Generale de Banque S.A.

Swiss Bank Corporation (Overseas) Union de Banques Arabes et Francaises - U.B.A.F.

Vereins- und Westbank Vickers, de Costa & Co. Ltd. S. G. Warburg & Co. Ltd.

Westdeutsche Landesbank Yamaichi International (Europe) Yamatane Securities Co., Ltd.

Girozentrale

FOREIGN EXCHANGES

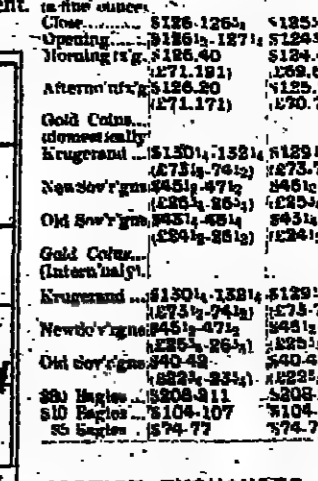
Pound easier

GOLD

GOLD MARKET

NEW YORK, May 27.

Trading was very quiet in the foreign exchange market yesterday with most European centres closed for the Ascension Day holidays. The pound opened at about \$1.7330 in session and declined after touching \$1.7385-\$1.7375 eased to \$1.7320-\$1.7330 for the day. When the New York market opened sterling eased further to touch a low point of \$1.7300-\$1.7310, before closing at \$1.7305-\$1.7315, a fall of 10 points on the day, and the lowest ever closing level against the dollar. The pound's trade-weighted average depreciation since the Washington Currency Agreement of December, 1971, as calculated by the Bank of England, was unchanged at 89.2 per cent.



ported higher half-year earnings and dividend on Wednesday gained 2 cents to 66 cents.

Trading on the options market was light with the Woodside-Burmah June, 1994, the most active on a turnover of 2 contracts.

Goodrich sells stake in Iran tyre concern

AKRON, Ohio, May 27.

B. F. GOODRICH COMPANY announced today that it had sold its 48 per cent minority interest in one of two Iranian associated companies—B. F. Goodrich-Iran Tyre Co. Ltd.

| | | | |
|----------|----------|-------------|----------|
| Franklin | 54.60-60 | 2,638-1,831 | 54.50-60 |
| N. York | 54.60-60 | | 21.50-22 |

| SPECIAL DRAWING | | | | |
|-----------------|----------|----------|--|--|
| RIGHT RATES | | | | |
| One SDR is | May 27 | May 28 | | |
| Starting | 1.444908 | 0.641525 | | |
| 1 dollar | 1.19434 | 1.14682 | | |
| 1 franc | n.a. | 0.000476 | | |
| Deluxe mark | n.a. | 2.35575 | | |
| French franc | n.a. | 93.577 | | |
| Japanese yen | 442.959 | 242.929 | | |
| Dutch guilder | n.a. | 3.78979 | | |
| Swiss franc | n.a. | 2.00661 | | |
| British pound | n.a. | 2.93666 | | |

Values are for currencies against dollar, including the Deutsche Mark.

Monetary Fund in Washington.

| Brussels | London | Amsterdam | Zurich |
|-----------|-----------|-----------|---------|
| 4,936-545 | 4,696-514 | 94,115-20 | 104,820 |
| 2,856-58 | 1,775-39 | 86-51 | 30-58 |

| May 27 1976 | | Bank Rates | Market Rates |
|-------------|-------|---------------|--------------|
| | | | Day's Spread |
| New York | 5 1/2 | 1.7208-1.7212 | |
| Montreal | 5 1/2 | 1.6700-1.6712 | |
| Amsterdam | 5 1/2 | 1.4474-1.4484 | |
| Brussels | 5 1/2 | 1.55-1.5510 | |
| Frankfurt | 5 1/2 | 1.55-1.5510 | |
| London | 5 1/2 | 1.4962-1.4970 | |
| Paris | 5 1/2 | 1.55-1.5510 | |
| Salina | 12 | 1.687-1.687 | |
| Stockholm | 5 1/2 | 1.687-1.687 | |
| Switzerland | 5 1/2 | 1.687-1.687 | |
| Vienna | 5 1/2 | 1.687-1.687 | |
| Zurich | 5 1/2 | 1.687-1.687 | |

* Bank Closing. † 15 MINUTE AFTER BANK CLOSING. CLOSING RATES.

10:45-10:50 AM

OTTER MARKETS

10:50-11:00 AM

11:00-11:10 AM

11:10-11:20 AM

11:20-11:30 AM

11:30-11:40 AM

11:40-11:50 AM

11:50-12:00 PM

12:00-12:10 PM

12:10-12:20 PM

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8:20-8:30 AM

8:30-8:40 AM

8:40-8:50 AM

8:50

Canada lower

| Canada lower | | |
|-------------------|-------|-----|
| Gen. Edison Corp. | 12.10 | - |
| Gen. Motors | 12.00 | 681 |
| Krynski Sec. | 12.00 | 30 |
| Ont. Oil | 12.00 | 30 |
| Can. Foods | 12.00 | 57 |

NEW YORK—DOW JONES

| | Year | | | | | | Grain yield, centimeter | | | |
|-------------------|--------|--------|--------|--------|--------|--------|-------------------------|--------|--------|--------|
| | May 27 | May 30 | May 30 | May 30 | May 31 | May 31 | Height | Leaf | Height | Leaf |
| Control | 866.57 | 868.56 | 871.86 | 871.58 | 880.76 | 887.37 | 1,011.24 | 426.44 | 109.16 | 41.26 |
| 1st. div. water | 72.56 | 72.56 | 73.53 | 73.56 | 75.21 | 75.21 | 720.80 | 89.11 | 116.4 | 8.13 |
| 2nd. div. water | 71.55 | 71.02 | 71.58 | 71.70 | 71.67 | 71.67 | 738.01 | 176.97 | 479.88 | 18.23 |
| 3rd. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 4th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 5th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 6th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 7th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 8th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 9th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 10th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 11th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 12th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 13th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 14th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 15th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 16th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 17th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 18th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 19th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 20th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 21st. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 22nd. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 23rd. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 24th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 25th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 26th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 27th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 28th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 29th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 30th. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 31st. div. water | 84.85 | 84.85 | 84.85 | 85.84 | 86.84 | 86.85 | 111.00 | 176.97 | 176.97 | 176.97 |
| 1st. div. yield % | May 27 | May 30 | May 30 | May 30 | May 31 | May 31 | 6.77 | 5.78 | 4.51 | |

| | 1976 | | | | | | Since completion | | | |
|------------------------|--------|--------|--------|--------|--------|--------|------------------|-------|--------|--------|
| | May 25 | May 26 | May 27 | May 28 | May 29 | May 30 | High | Low | High | Low |
| Production | 11.74 | 11.73 | 171.81 | 11.78 | 115.90 | 14.77 | 11.25 | 11.74 | 16.94 | 9.32 |
| Temperature | 88.55 | 88.84 | 88.68 | 89.44 | 101.23 | 102.00 | 98.5 | 91 | 110.25 | 90.55 |
| | | | | | | | 95.51 | 91.5 | 101.25 | 84.40 |
| | | | | | | | 94 | 91 | 112.10 | 105.20 |
| Int. dir. yield % | | | May 27 | May 19 | | | | | | |
| | | | 5.49 | 5.43 | | | 5.86 | | | 5.76 |
| Int. 2nd. H. H. H. H. | | | 15.48 | 13.78 | | | 13.84 | | | 10.30 |
| Long Gr. 1. Band yield | | | 5.90 | 5.85 | | | 5.79 | | | 5.99 |

NEW YORK

[illegible]

| № п/п | № п/п | № п/п | № п/п |
|-------|-------|-------|-------|
| 1 | 2 | 3 | 4 |
| 55 | 56 | 57 | 58 |
| 59 | 60 | 61 | 62 |
| 63 | 64 | 65 | 66 |
| 67 | 68 | 69 | 70 |
| 71 | 72 | 73 | 74 |
| 75 | 76 | 77 | 78 |
| 79 | 80 | 81 | 82 |
| 83 | 84 | 85 | 86 |
| 87 | 88 | 89 | 90 |
| 91 | 92 | 93 | 94 |
| 95 | 96 | 97 | 98 |
| 99 | 100 | 101 | 102 |
| 103 | 104 | 105 | 106 |
| 107 | 108 | 109 | 110 |
| 111 | 112 | 113 | 114 |
| 115 | 116 | 117 | 118 |
| 119 | 120 | 121 | 122 |
| 123 | 124 | 125 | 126 |
| 127 | 128 | 129 | 130 |
| 131 | 132 | 133 | 134 |
| 135 | 136 | 137 | 138 |
| 139 | 140 | 141 | 142 |
| 143 | 144 | 145 | 146 |
| 147 | 148 | 149 | 150 |
| 151 | 152 | 153 | 154 |
| 155 | 156 | 157 | 158 |
| 159 | 160 | 161 | 162 |
| 163 | 164 | 165 | 166 |
| 167 | 168 | 169 | 170 |
| 171 | 172 | 173 | 174 |
| 175 | 176 | 177 | 178 |
| 179 | 180 | 181 | 182 |
| 183 | 184 | 185 | 186 |
| 187 | 188 | 189 | 190 |
| 191 | 192 | 193 | 194 |
| 195 | 196 | 197 | 198 |
| 199 | 200 | 201 | 202 |
| 203 | 204 | 205 | 206 |
| 207 | 208 | 209 | 210 |
| 211 | 212 | 213 | 214 |
| 215 | 216 | 217 | 218 |
| 219 | 220 | 221 | 222 |
| 223 | 224 | 225 | 226 |
| 227 | 228 | 229 | 230 |
| 231 | 232 | 233 | 234 |
| 235 | 236 | 237 | 238 |
| 239 | 240 | 241 | 242 |
| 243 | 244 | 245 | 246 |
| 247 | 248 | 249 | 250 |
| 251 | 252 | 253 | 254 |
| 255 | 256 | 257 | 258 |
| 259 | 260 | 261 | 262 |
| 263 | 264 | 265 | 266 |
| 267 | 268 | 269 | 270 |
| 271 | 272 | 273 | 274 |
| 275 | 276 | 277 | 278 |
| 279 | 280 | 281 | 282 |
| 283 | 284 | 285 | 286 |
| 287 | 288 | 289 | 290 |
| 291 | 292 | 293 | 294 |
| 295 | 296 | 297 | 298 |
| 299 | 300 | 301 | 302 |
| 303 | 304 | 305 | 306 |
| 307 | 308 | 309 | 310 |
| 311 | 312 | 313 | 314 |
| 315 | 316 | 317 | 318 |
| 319 | 320 | 321 | 322 |
| 323 | 324 | 325 | 326 |
| 327 | 328 | 329 | 330 |
| 331 | 332 | 333 | 334 |
| 335 | 336 | 337 | 338 |
| 339 | 340 | 341 | 342 |
| 343 | 344 | 345 | 346 |
| 347 | 348 | 349 | 350 |
| 351 | 352 | 353 | 354 |
| 355 | 356 | 357 | 358 |
| 359 | 360 | 361 | 362 |
| 363 | 364 | 365 | 366 |
| 367 | 368 | 369 | 370 |
| 371 | 372 | 373 | 374 |
| 375 | 376 | 377 | 378 |
| 379 | 380 | 381 | 382 |
| 383 | 384 | 385 | 386 |
| 387 | 388 | 389 | 390 |
| 391 | 392 | 393 | 394 |
| 395 | 396 | 397 | 398 |
| 399 | 400 | 401 | 402 |
| 403 | 404 | 405 | 406 |
| 407 | 408 | 409 | 410 |
| 411 | 412 | 413 | 414 |
| 415 | 416 | 417 | 418 |
| 419 | 420 | 421 | 422 |
| 423 | 424 | 425 | 426 |
| 427 | 428 | 429 | 430 |
| 431 | 432 | 433 | 434 |
| 435 | 436 | 437 | 438 |
| 439 | 440 | 441 | 442 |
| 443 | 444 | 445 | 446 |
| 447 | 448 | 449 | 450 |
| 451 | 452 | 453 | 454 |
| 455 | 456 | 457 | 458 |
| 459 | 460 | 461 | 462 |
| 463 | 464 | 465 | 466 |
| 467 | 468 | 469 | 470 |
| 471 | 472 | 473 | 474 |
| 475 | 476 | 477 | 478 |
| 479 | 480 | 481</ | |

| CANADA | | | | | | | | | |
|--------|------------------|-----|-----|--|--|--|--|--|--|
| 477 | Adams Union Pro. | 90 | 91 | | | | | | |
| 480 | Adrian Paper | 114 | 114 | | | | | | |
| 481 | Albany | 26 | 26 | | | | | | |
| 484 | Albion | 26 | 26 | | | | | | |
| 485 | Algonquin | 284 | 284 | | | | | | |
| 486 | Algonquin | 284 | 284 | | | | | | |
| 491 | Algonquin | 284 | 284 | | | | | | |
| 492 | Algonquin | 284 | 284 | | | | | | |
| 493 | Algonquin | 284 | 284 | | | | | | |
| 494 | Algonquin | 284 | 284 | | | | | | |
| 495 | Algonquin | 284 | 284 | | | | | | |
| 496 | Algonquin | 284 | 284 | | | | | | |
| 497 | Algonquin | 284 | 284 | | | | | | |
| 498 | Algonquin | 284 | 284 | | | | | | |
| 499 | Algonquin | 284 | 284 | | | | | | |
| 500 | Algonquin | 284 | 284 | | | | | | |
| 501 | Algonquin | 284 | 284 | | | | | | |
| 502 | Algonquin | 284 | 284 | | | | | | |
| 503 | Algonquin | 284 | 284 | | | | | | |
| 504 | Algonquin | 284 | 284 | | | | | | |
| 505 | Algonquin | 284 | 284 | | | | | | |
| 506 | Algonquin | 284 | 284 | | | | | | |
| 507 | Algonquin | 284 | 284 | | | | | | |
| 508 | Algonquin | 284 | 284 | | | | | | |
| 509 | Algonquin | 284 | 284 | | | | | | |
| 510 | Algonquin | 284 | 284 | | | | | | |
| 511 | Algonquin | 284 | 284 | | | | | | |
| 512 | Algonquin | 284 | 284 | | | | | | |
| 513 | Algonquin | 284 | 284 | | | | | | |
| 514 | Algonquin | 284 | 284 | | | | | | |
| 515 | Algonquin | 284 | 284 | | | | | | |
| 516 | Algonquin | 284 | 284 | | | | | | |
| 517 | Algonquin | 284 | 284 | | | | | | |
| 518 | Algonquin | 284 | 284 | | | | | | |
| 519 | Algonquin | 284 | 284 | | | | | | |
| 520 | Algonquin | 284 | 284 | | | | | | |
| 521 | Algonquin | 284 | 284 | | | | | | |
| 522 | Algonquin | 284 | 284 | | | | | | |
| 523 | Algonquin | 284 | 284 | | | | | | |
| 524 | Algonquin | 284 | 284 | | | | | | |
| 525 | Algonquin | 284 | 284 | | | | | | |
| 526 | Algonquin | 284 | 284 | | | | | | |
| 527 | Algonquin | 284 | 284 | | | | | | |
| 528 | Algonquin | 284 | 284 | | | | | | |
| 529 | Algonquin | 284 | 284 | | | | | | |
| 530 | Algonquin | 284 | 284 | | | | | | |
| 531 | Algonquin | 284 | 284 | | | | | | |
| 532 | Algonquin | 284 | 284 | | | | | | |
| 533 | Algonquin | 284 | 284 | | | | | | |
| 534 | Algonquin | 284 | 284 | | | | | | |
| 535 | Algonquin | 284 | 284 | | | | | | |
| 536 | Algonquin | 284 | 284 | | | | | | |
| 537 | Algonquin | 284 | 284 | | | | | | |
| 538 | Algonquin | 284 | 284 | | | | | | |
| 539 | Algonquin | 284 | 284 | | | | | | |
| 540 | Algonquin | 284 | 284 | | | | | | |
| 541 | Algonquin | 284 | 284 | | | | | | |
| 542 | Algonquin | 284 | 284 | | | | | | |
| 543 | Algonquin | 284 | 284 | | | | | | |
| 544 | Algonquin | 284 | 284 | | | | | | |
| 545 | Algonquin | 284 | 284 | | | | | | |
| 546 | Algonquin | 284 | 284 | | | | | | |
| 547 | Algonquin | 284 | 284 | | | | | | |
| 548 | Algonquin | 284 | 284 | | | | | | |
| 549 | Algonquin | 284 | 284 | | | | | | |
| 550 | Algonquin | 284 | 284 | | | | | | |
| 551 | Algonquin | 284 | 284 | | | | | | |
| 552 | Algonquin | 284 | 284 | | | | | | |
| 553 | Algonquin | 284 | 284 | | | | | | |
| 554 | Algonquin | 284 | 284 | | | | | | |
| 555 | Algonquin | 284 | 284 | | | | | | |
| 556 | Algonquin | 284 | 284 | | | | | | |
| 557 | Algonquin | 284 | 284 | | | | | | |
| 558 | Algonquin | 284 | 284 | | | | | | |
| 559 | Algonquin | 284 | 284 | | | | | | |
| 560 | Algonquin | 284 | 284 | | | | | | |
| 561 | Algonquin | 284 | 284 | | | | | | |
| 562 | Algonquin | 284 | 284 | | | | | | |
| 563 | Algonquin | 284 | 284 | | | | | | |
| 564 | Algonquin | 284 | 284 | | | | | | |
| 565 | Algonquin | 284 | 284 | | | | | | |
| 566 | Algonquin | 284 | 284 | | | | | | |
| 567 | Algonquin | 284 | 284 | | | | | | |
| 568 | Algonquin | 284 | 284 | | | | | | |
| 569 | Algonquin | 284 | 284 | | | | | | |
| 570 | Algonquin | 284 | 284 | | | | | | |
| 571 | Algonquin | 284 | 284 | | | | | | |
| 572 | Algonquin | 284 | 284 | | | | | | |
| 573 | Algonquin | 284 | 284 | | | | | | |
| 574 | Algonquin | 284 | 284 | | | | | | |
| 575 | Algonquin | 284 | 284 | | | | | | |
| 576 | Algonquin | 284 | 284 | | | | | | |
| 577 | Algonquin | 284 | 284 | | | | | | |
| 578 | Algonquin | 284 | 284 | | | | | | |
| 579 | Algonquin | 284 | 284 | | | | | | |
| 580 | Algonquin | 284 | 284 | | | | | | |
| 581 | Algonquin | 284 | 284 | | | | | | |
| 582 | Algonquin | 284 | 284 | | | | | | |
| 583 | Algonquin | 284 | 284 | | | | | | |
| 584 | Algonquin | 284 | 284 | | | | | | |
| 585 | Algonquin | 284 | 284 | | | | | | |
| 586 | Algonquin | 284 | 284 | | | | | | |
| 587 | Algonquin | 284 | 284 | | | | | | |
| 588 | Algonquin | 284 | 284 | | | | | | |
| 589 | Algonquin | 284 | 284 | | | | | | |
| 590 | Algonquin | 284 | 284 | | | | | | |
| 591 | Algonquin | 284 | 284 | | | | | | |
| 592 | Algonquin | 284 | 284 | | | | | | |
| 593 | Algonquin | 284 | 284 | | | | | | |
| 594 | Algonquin | 284 | 284 | | | | | | |
| 595 | Algonquin | 284 | 284 | | | | | | |
| 596 | Algonquin | 284 | 284 | | | | | | |
| 597 | Algonquin | 284 | 284 | | | | | | |
| 598 | Algonquin | 284 | 284 | | | | | | |
| 599 | Algonquin | 284 | 284 | | | | | | |
| 600 | Algonquin | 284 | 284 | | | | | | |
| 601 | Algonquin | 284 | 284 | | | | | | |
| 602 | Algonquin | 284 | 284 | | | | | | |
| 603 | Algonquin | 284 | 284 | | | | | | |
| 604 | Algonquin | 284 | 284 | | | | | | |
| 605 | Algonquin | 284 | 284 | | | | | | |
| 606 | Algonquin | 284 | 284 | | | | | | |
| 607 | Algonquin | 284 | 284 | | | | | | |
| 608 | Algonquin | 284 | 284 | | | | | | |
| 609 | Algonquin | 284 | 284 | | | | | | |
| 610 | Algonquin | 284 | 284 | | | | | | |
| 611 | Algonquin | 284 | 284 | | | | | | |
| 612 | Algonquin | 284 | 284 | | | | | | |
| 613 | Algonquin | 284 | 284 | | | | | | |
| 614 | Algonquin | 284 | 284 | | | | | | |
| 615 | Algonquin | 284 | 284 | | | | | | |
| 616 | Algonquin | 284 | 284 | | | | | | |
| 617 | Algonquin | 284 | 284 | | | | | | |
| 618 | Algonquin | 284 | 284 | | | | | | |
| 619 | Algonquin | 284 | 284 | | | | | | |
| 620 | Algonquin | 284 | 284 | | | | | | |
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|----|------------|-----------------|---------|
| 1 | Lauson | 4,950 + 100.200 | 4.2 |
| 2 | UFA | 2,270 + 20 | - |
| 3 | Cuellar | 2,245 - 5 | 2.5 |
| 4 | Delmaine | 863 - 7 | 50 0.8 |
| 5 | Erbe | 1,987 + 67 | - |
| 6 | Mal | 1,409 + 29 | 100 7.1 |
| 7 | Do. Priv | 818 - 4 | 100 1.2 |
| 8 | Finlander | 227.5 - 0.5 | 40 17.4 |
| 9 | General | 44,800 - 250 | 50 11.4 |
| 10 | Lauson, R. | 1,900 - 5 | 20 |

[illegible]

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|--------------------------|-------|
| Ames. Cong. Industries | 71.80 |
| Ames. Foundation Invest. | 70.90 |
| Ames. Ind. & Com. | 71.00 |
| Ames. Oil & Gas | 70.12 |
| Ames. Metal Ind. | 71.05 |
| Ames. Int'l. Copper | 71.25 |
| Ames. Mill Proprietary | 71.66 |
| Ames. South | 71.22 |
| Ames. Carbonated Brewery | 72.70 |

[illegible]

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| L-13 | South Seas | 7.50 |
| | Gold Fields SA | 22.50 |
| | Union Carbide Corp | 23.00 |
| | Dr. Peers Deferred | 3.45 |
| | Boycott | 1.00 |
| 3.00 | East. Rand PIV. | 4.50 |
| 0.50 | Free State Consols | 121.25 |
| 0.06 | President Brand | 28.50 |
| 0.01 | President Snyas | 11.50 |
| 0.02 | Goldman | 3.03 |

[illegible][illegible]

To the Holders of

10% Guaranteed Notes due 1981

| | | COUPON NOTES OF \$1,000 PRINCIPAL AMOUNT | | | | | | | | | | OUTSTANDING | | | | | | | | | |
|----|----|--|------|------|------|------|------|-------|-------|-------|-------|-------------|-------|-------|-------|-------|-------|--|--|--|--|
| M. | 21 | 1879 | 3157 | 4890 | 6116 | 7890 | 9082 | 10771 | 12088 | 13705 | 15008 | 16874 | 18665 | 20665 | 22665 | 24709 | 26884 | | | | |
| 21 | 20 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 19 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 18 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 17 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 16 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 15 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 14 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 13 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 12 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
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| 21 | 10 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 9 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 8 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 7 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 6 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 5 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 4 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 3 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 2 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | 26804 | | | | |
| 21 | 1 | 1286 | 3337 | 4700 | 6248 | 7653 | 9102 | 10284 | 12101 | 13727 | 15003 | 16883 | 18649 | 20616 | 22630 | 24698 | | | | | |

MARINE MIDLAND BANK,
Trustee

May 26, 1976

RIGHTS FROM THE CHAIRMAN'S STATEMENT:—

| | | | |
|-------------------------|--------|--------|--------|
| Earnings per 'A' share | 38.01¢ | 28.74¢ | 22.07¢ |
| Dividends per 'A' share | 25.00¢ | 22.50¢ | 21.25¢ |

Profit & Loss Statement available from Secretaries, John Swire & Sons (H.K.) Ltd., G.P.O. Box 1, Hong Kong.

...the fact that the *in vitro* and *in vivo* results are in good agreement.

Sport's golden age

Classic in Australia. These days, many players are taking the money in kind—air fares and hotel bills paid for large families.

In turn, these sums are easily overshadowed by the big-money circuits in the U.S., notably the WCT event. This year a new \$320,000 Avis Cup event was superimposed on an existing WCT \$24m. prizemoney structure, while further huge sums are available in the World Team Tennis and 55m. Grand Prix events.

The enormous influx of funds into professional tennis means that the players are now extremely—some would say excessively—well paid. The leading earner among the men last year was Jimmy Connors of the U.S.

As in most professional sports, the prize money earnings of the top tennis stars are further boosted by endorsements and advertising income which in the case of a few big names at the very top can produce a further \$250,000 a year. Borg, for instance, is extremely special in the ad men's eyes because of his youth, his looks and his very exceptional talent. He receives more than \$100,000 yearly just for endorsing tennis rackets while a head band that he wears advertising a Swedish comic paper brings in a reported \$25,000. He also wears

Olympics will go on with the joy of competing merely for glory. But there may be one future super-star on the medalists' dais: the winner of the heavyweight boxing gold. Sixteen years ago in Rome the Olympic heavyweight gold medal was won by the Louisville Lip, nowadays known as Muhammad Ali. In the intervening years, Ali, now in his last months as a professional fighter, has earned a fortune which by the end of this year may have been swollen to close on \$30m. Even the megabuck giants of tennis and golf will never better that.

Classic in Australia. These days, many players are taking the money in kind—air fares and hotel bills paid for large families.

Some of the advertising and golf club endorsement fees the

Amor
the spirit of the day

Spanish
Jerez-Xeres-Sherry

COMBEE REGULADOR DE
JEREZ-XERES-SHERRY

5608096

FARMING AND RAW MATERIALS

Tin output
down sharply
in Malaysia

By Our Own Correspondent

KUALA LUMPUR May 27.

TIN PROSPECTING in Malaysia has virtually come to a standstill because of heavy taxes, rising costs, diminishing profit margins, and uncertainty of land tenure, the President of the States of Malaysia Chamber of Mines, Mr. E. L. Dempster, said today.

Addressing the chamber's annual meeting here, he made a strong appeal to the Government to end quickly the insecurity of tenure which, he said, was probably the most important factor inhibiting investment in the industry, and a major contributor to the steady decline in tin production over the years.

Tin production in 1975 totalled 64,363 tonnes, a 10 per cent fall on the 1974 figure of 71,379 tonnes, the lowest for a decade, and a decline of 3,769 from 1974 output, he said.

Our Commodities Staff writes: The Straits tin price in Penang rose on Tuesday night by 33128 a tonne to \$31,190 — only \$310 below the "ceiling" of the Tin Agreement. It was believed that the only substantial selling by the buffer stock kept prices from breaching the new "ceiling" of \$31,500 agreed earlier this month.

In the London market new all-time peaks were reached again, although the prospect of buffer stock selling encouraged "prolactating" and cash tin closed only \$12.5 up at \$4,342.5 a tonne.

India's iron
ore exports
rise forecast

NEW DELHI May 27.

INDIA'S IRON ore exports are expected to rise to 3.5 million tonnes in the fiscal year 1976-77 (from April 1), and to about 4.0 million tonnes by 1983-84, say Government sources, the Press Trust of India reported.

Talking into account India's steel development programme, exports should stabilise at around 55m. tonnes after the sixth five-year plan (ending 1983-84), they added.

Exports of iron ore in the last two years have been static at around 3.2 million tonnes, but foreign exchange earnings increased by \$1,500 million in 1975-76, to \$1,750 million, following increases in contracted prices.

A major reason for iron ore exports remaining static in the last two years has been lack of capacity for bulk-handling of ore at the ports. This bottleneck is expected to be removed by 1977, when a major increase in exports will be possible, the sources say. Reuter

Foolish to ban commodity
speculators, says Lever

By JOHN EDWARDS, COMMODITIES EDITOR

IT WOULD be foolish to eliminate the speculator from commodity markets, where he performed the healthy function of insuring producers and consumers against adverse price fluctuations, Mr. Harold Lever, Chancellor of the Duchy of Lancaster and economic adviser to the Cabinet, said in London yesterday.

Addressing a City Press conference on the commodity markets, he stressed that excessive speculation, resulting in a sharp one-way movement in the price must be curbed. He pointed out that the Bank of England was improving its surveillance of commodity futures markets so that it could, with voluntary co-operation, eliminate excessive speculation.

The Government was confident that this improvement would be secured on a voluntary basis. The professional market operator, and small investors, would have to accept that they must operate in accordance with the public interest.

Mr. Lever said that it was nevertheless a central public interest that the limits imposed on speculation should be aimed

to preserve the benefits of the free market. An attempt by the Government, or the Bank of England, to eliminate all speculation from London commodity markets would be ineffective.

The markets would move to a country which allowed the speculator to perform his function of insuring producers and consumers against price fluctuations.

The real issue would be the U.K. balance of payments, to which the commodity markets made a valuable contribution of around £100m. in an average year. And the Government aimed to preserve, and increase, this contribution.

Price limits

Mr. Lever said that to attempt artificially to keep commodity prices within too rigid limits was impracticable and would only retard the development of the world economy; values had to fluctuate to maintain a balance of supply and demand, resting on the efficient use of resources.

This instability should be contained within a structural framework, however, to ensure that price movements were not excessive and hence disruptive.

But he admitted that the problems of pricing primary pro-

ducts were too complex to be solved by a single, all-embracing formula. Suggesting that developing countries sometimes took too simplistic a view, Mr. Lever said that, apart from the difficult task of harmonising the interests of producers and consumers, currency stability was a prerequisite to orderly commodity production and trading.

There was also the problem that many commodities were efficiently produced by some of the richest nations in the world, namely the U.S. The cut right across the distinction between rich and poor countries.

Mr. Lever preferred the concept of earnings by developing countries, rather than aid. It also would be helpful in his view, if more private enterprise was encouraged in some developing countries where it was sorely missed, too much reliance being placed on state control.

There was a general welcome in the commodity markets for Mr. Lever's statements on speculation. It had been feared that further restrictions might follow the Bank of England's recent move to curtail non-trade business, but these fears now appear to be allayed.

New rise
in copper
market

By Our Commodities Editor

COPPER PRICES continued their upward climb on the London Metal Exchange yesterday, cash wirebars gaining \$2.5 a tonne, to \$28.5. But prices showed signs of weakening on the late term.

It was made clear that buying interest was the main influence in the market. One factor, a threatened strike by Peruvian copper workers at the Toquepala mine, was removed after the market closed when it was reported from Lima that the strike had been called off.

Reuter reported from Tokyo, meanwhile, that Japanese Trade-Industry Ministry officials confirmed yesterday that Japan would retain its present embargo on copper exports to world markets, even if Chile and other members of Cipeac reverted to full production.

It was made clear, however, that Japan would not agree to any request that might be made from Chile for an increase in copper shipments. Although no such request has been formally made, it is known that Chile has been trying to secure a discount on the 15 per cent cut in its shipments to Japan.

It was reported from New York that U.S. fabricators' stocks rose by 10,600 short tons in April to 441,000, according to an estimate by the American Bureau of Metal Statistics.

Zinc values rose sharply yesterday as a result of buying, believed to represent belated covering of previous "hedge" sales. In any event cash zinc gained \$10 a tonne to \$439.

Silver prices also shot up. The London bullion spot quotation at the morning fixing was raised by 10.4p an ounce to \$22.12, a reflected currency nervousness and the higher trend in New York.

Big rise
in U.K.
farm output

By Our Commodities Staff

GROSS OUTPUT of U.K. agriculture has risen from £2,220m. in 1974-75, according to the Ministry of Agriculture.

In its "Output and Utilisation of Farm Produce in the U.K." booklet released yesterday, the Ministry shows that the value of farm output at current prices has risen in the same period to £3,330m. to £3,930m. horticultural products from £233m. to £490m. and livestock and livestock products from £1,400m. to £2,350m.

MEAT SUPPLIES

Crisis looming in
world beef trade

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

FARMERS HAVE been shooting their cows in Victoria, Australia, a fact which emphasises the poor demand for beef on the world market.

It is as well to appreciate that they were dairy cows—mostly of the Channel Island breeds and of little use for beef—but the shooting nevertheless underlines the point that the cattle world has been sent to an abattoir and their meat exported, either for hamburgers or pet foods, had the demand for beef been at all reasonable.

As it is they are being shot with a Government bounty of £3 per head as a sop to the Australian dairy farmers, whose markets for butter and milk products are in an even worse state than those for beef.

It can be said that a world market for beef in the accepted sense of the term does not exist any more. It is impossible to import or export beef anywhere without having to take into account quota, tariffs or outright bans on trade.

In the importing countries prices are high, and in the others very low, and there seems little possibility of these trade barriers being dismantled.

The EEC, once a large traditional importer, has had a virtual ban since July 1974 on all imports of beef. Prices are the highest in the Western world, with an average of about £38 to £40 per live cwt. for quality steers.

The U.K. and Ireland, not being full members, have lower prices—at present £26 to £27 per live cwt. for similar cattle. EEC prices are maintained, not only by the ban on imports but also by intervention support buying.

The intervention price was increased sharply after the last EEC annual review and the quantity bought in at one time reached 10,000 tons a week. Later, the Commission has introduced restrictions on the amounts purchased, including a ban on medium steers in Britain going into intervention.

Total cattle numbers of the Community fell 74m. head in 1974-75, were down by 2.4 per cent on the previous year. The major part of this decrease was registered in the U.K. and Ireland, with falls of 6.5 per cent and 8.2 per cent respectively. From this it has been calculated that total production of cattle for sale would be down by 1.7m. head, or 6.2 per cent, in 1976, as against that of 1975.

It is difficult to estimate what this would mean in terms of beef production, as this depends on the weight of the animals at slaughter. But the decline probably would not be sufficient to raise prices markedly.

The Community markets at present are showing definite signs of weakness, both as a result of consumer resistance to

beef is poor at the moment, the price of prime steers being the equivalent of £21.8 per live cwt.

Present indications are that total U.S. cattle numbers are down by about 5 per cent, but this is unlikely to increase substantially the possibilities for beef imports. In any case, numbers are now only back to their 1974 levels.

This is not good news for Australia, now the world's major beef exporter, where the total cattle herd has risen to 33m. by March 1975 when the last census was taken.

For the first eight months of the latest crop year, July 1975 to June 1976, Australian beef production was up by 14 per cent, and while exports have slightly fallen, they are still well above the depressed level of 1974-75, they are well below the levels reached in 1973-74.

A phenomenon of the Australian beef industry has been the slow growth of beef production, compared with the growth in cattle numbers. This has been achieved by holding cattle on the farms and stations and killing large numbers of cattle as "vealers" at 8 to 12 months old, instead of as mature animals.

The whole matter of stillary depressed prime light vealers is making no more than £16 per live cwt. in the home market, while prices for heavier cattle are hard to determine, so poor is the trade.

There is some hope that the Japanese will substantially increase their beef purchases, which were virtually halted as a result of the oil crisis. A new six-month quota of 45,000 tons was announced by Japan recently, but this will be competed for by New Zealand and other countries as well.

In contrast to the increasing production in Australia and some export New Zealand, beef from Argentina—where cattle numbers are actually increasing—is falling steadily. They now total only 139,000 tons, against 508,000 in 1969.

Overall, it must be accepted that as long as the main industrial importing countries protect their markets by quotas, there is little possibility of improvement in the world trade in beef. If intervention and consumer resistance substantially reduce consumption in the EEC, the present depression could turn into a crisis.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

| | Unit | Price | Change |
|-----------|------|---------|--------|
| Aluminium | ton | 559.5 | +20 |
| Copper | ton | 285.0 | +1.5 |
| Lead | ton | 185.0 | +1.0 |
| Nickel | ton | 1,250.0 | +10 |
| Silver | oz | 185.0 | +1.0 |
| Zinc | ton | 185.0 | +1.0 |

TIN

| | Unit | Price | Change |
|-------------|------|---------|--------|
| Standard | ton | 3,110.0 | +30 |
| 1st Quality | ton | 3,100.0 | +20 |
| 2nd Quality | ton | 3,090.0 | +10 |
| 3rd Quality | ton | 3,080.0 | +10 |

COFFEE

| | Unit | Price | Change |
|---------|------|---------|--------|
| Arabica | ton | 1,400.0 | +10 |
| Robusta | ton | 1,200.0 | +10 |

WOOL FUTURES

| | Unit | Price | Change |
|------|------|---------|--------|
| Wool | ton | 1,200.0 | +10 |

PRICE CHANGES

| | Unit | Price | Change |
|-----------|------|---------|--------|
| Aluminium | ton | 559.5 | +20 |
| Copper | ton | 285.0 | +1.5 |
| Lead | ton | 185.0 | +1.0 |
| Nickel | ton | 1,250.0 | +10 |
| Silver | oz | 185.0 | +1.0 |
| Zinc | ton | 185.0 | +1.0 |

U.S. Markets

| | Unit | Price | Change |
|-----------|------|---------|--------|
| Aluminium | ton | 559.5 | +20 |
| Copper | ton | 285.0 | +1.5 |
| Lead | ton | 185.0 | +1.0 |
| Nickel | ton | 1,250.0 | +10 |
| Silver | oz | 185.0 | +1.0 |
| Zinc | ton | 185.0 | +1.0 |

Mixed close
in metals,
cocoa falls

| | Unit | Price | Change |
|-----------|------|---------|--------|
| Aluminium | ton | 559.5 | +20 |
| Copper | ton | 285.0 | +1.5 |
| Lead | ton | 185.0 | +1.0 |
| Nickel | ton | 1,250.0 | +10 |
| Silver | oz | 185.0 | +1.0 |
| Zinc | ton | 185.0 | +1.0 |

FINANCIAL TIMES

| | Unit | Price | Change |
|-----------|------|---------|--------|
| Aluminium | ton | 559.5 | +20 |
| Copper | ton | 285.0 | +1.5 |
| Lead | ton | 185.0 | +1.0 |
| Nickel | ton | 1,250.0 | +10 |
| Silver | oz | 185.0 | +1.0 |
| Zinc | ton | 185.0 | +1.0 |

—when a market is active it is crucial to know the whole background

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RUBBER

LOWER opening on the London physical market. Very quiet during the day, but a slight recovery in the afternoon. Prices of rubber on the London market were steady, with a slight recovery in the afternoon. Prices of rubber on the London market were steady, with a slight recovery in the afternoon.

SOYABEAN MEAL

Market opened firm in sympathy with Chicago and news that Yugoslavia had bought 50,000 tons of soyabean meal from the U.S. for export to East European buyers in the market for a further 100,000 tons. Late in the afternoon profit-taking caused prices to fall below the day's highest level, reports SNV Commodities.

SUGAR

LONDON DAILY PRICE (raw sugar) 591 (name) a ton c.i.f. for June/July 1976. White sugar daily price was fixed at 590 (£/ton).

After holding steady until mid-afternoon, prices fell 15 points following a sharp decline in overseas quotations. Volume of business was again only moderate, C. Gambroff reports.

COCOA

Prices closed little changed after a day of wide overseas fluctuations, reports C&I and Daifusa.

COCOA

| | Unit | Price | Change |
|-------------|------|---------|--------|
| Standard | ton | 1,200.0 | +10 |
| 1st Quality | ton | 1,190.0 | +10 |
| 2nd Quality | ton | 1,180.0 | +10 |
| 3rd Quality | ton | 1,170.0 | +10 |

GRAINS

THE BALITIC-Imported grain markets reacted due mainly to the closure of most Continental ports. Prices, however, were fully steady in line with the Baltic market.

WHEAT

Wheat prices were steady, with a slight recovery in the afternoon. Prices of wheat on the London market were steady, with a slight recovery in the afternoon.

MEAT/VEGETABLES

MEAT COMMODITIES—AFTER a quiet start, prices of meat commodities were steady, with a slight recovery in the afternoon. Prices of meat commodities were steady, with a slight recovery in the afternoon.

VEGETABLES

Vegetable prices were steady, with a slight recovery in the afternoon. Prices of vegetables on the London market were steady, with a slight recovery in the afternoon.

COTTON

COTTON—Liverpool—Spot and shipment sales amounted to 771 tonnes, bringing the total for the week so far to 1,540 tonnes. Demand for short-staple cotton was strong, with a slight recovery in the afternoon. Prices of cotton on the London market were steady, with a slight recovery in the afternoon.

REUTERS

2470.7 1465.0 1410.0 1079.5

(Base: September 18, 1961=100)

DOW JONES

348.45 338.11 332.9 372.1 0.6

(Base: 1928=100)

MOODY'S

100.00 100.00 100.00 100.00

(Base: 1928=100)

FINANCIAL TIMES

2470.7 1465.0 1410.0 1079.5

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FINANCIAL TIMES REPORT

Friday May 28 1976

Textile Technology

Pressure of demand and the necessity for economic production on a vast scale have prompted far-reaching innovations in the industry, making it highly capital-intensive. Further expenditure will be necessary if the West European industry is to hold its own against international competition.

LES, AS everyone in the industry knows, is by any standards a highly intensive business. There have been bigger changes in the last 25 years in methods of production, and the industry is not slowing down. Even in the U.K., where the problems of the industry are what brings it to prominence, textiles have been one of the more dynamic sectors of the economy in recent years. In 1966 the industry had more than £1.4bn. in assets, 2.5 per cent of all assets during the period. The reasons for this rapid growth are usually considered to be a somewhat old-fashioned industry and perhaps more obsolescent than it first seems to be. Firstly, textiles are one of man's basic needs and a lot of the demand of the industry's technology is provided by necessity to clothe more people. And in the more developed countries, where the growth is much faster, per capita textile consumption is also increasing. Increased demand means that the textile industry in the world is expected to go up 25m. tonnes in 1974 to 35m. tonnes in 1980 with an increase in Europe increasing 4.1m. tonnes to 5.2m. tonnes. Increases in demand already been responsible for important changes in the industry. The natural fibres, particularly cotton and wool, are still the mainstay of the textile industry, but synthetic fibres have had to be developed to meet the demand for the vast quantities required as economically as possible. In Western Europe synthetic fibres are expected to account for more than 70 per cent of total consumption by 1980 compared with 30 per cent in 1960, and since 1965 total world production of synthetic fibres has increased from 2.04m. tonnes to 7.15m. tonnes. But in the same way as increased demand has been behind the very rapid growth of man-made fibres, so too it has meant that faster, more efficient and more economical ways of converting fibre into fabric have had to be found. Wage inflation and the energy crisis have given a further push to textile technology by adding to cost pressures and eating into the margins which textile producers could hope to achieve.

Advantage

In the developed countries and in particular Western Europe there is the added spur of increased competition from low cost countries in the Far East, and even the U.S., which currently enjoys an advantage in oil-based feedstock costs. There is also the challenge to textile producers of finding areas where they can compete and sometimes supplant metals, plastics or other materials. Textiles have an advantage over many other materials in being able to combine high strength with flexibility, and industrial uses are accounting for a growing share of total fibre consumption. Ropes, belting and tyres are probably some of the more widely-known industrial uses, but textile producers have their sights on other more adventurous applications. Removable textile shades for sports stadia, and domes to make desert and

polar regions habitable and cultivable are being suggested, and a lightweight textile-bodied aircraft capable of lifting heavy weights is even being studied. But while some of these ideas may be fanciful, enormous increases in output are not. At the start of the production

method of converting yarn into fabric. As a result, the U.K. for 57 per cent of all apparel compared with 18 per cent 20 years ago.

Yet always in textiles there is the chance that something will come to tip the balance again. One of the items which attracted most interest at the recent ITMA textile machinery exhibition in Milan was a revolutionary weaving machine which dispenses with the principle of two sheds opening and closing while a thread shoots from side to side. While developments to date have included water and air jet weaving, eliminating the shuttle, the new loom works on what is known as a multi-phase principle, opening and closing in wave formation.

There is also the least predictable element of all—fashion—to be taken into account. In the past few years the public has shown an inclination to return to woven staple fabric because of its more natural appearance and feel. The U.K. industry's record in applying the latest developments in textile technology has on the whole been very good and this has enabled the industry to outperform U.K. machinery as a whole in terms of increased productivity. The increase in output per

Bentley group which has pioneered computerised pattern preparation and other forms of automation, the U.K. is still strong in wet knitting machinery and is the most important producer of carpet. The U.K. also plays a major

role in textile education and research. The Manchester-based Textile Institute is the most important international professional body for textile scientists and technologists, awarding qualifications on the basis of degree level examinations and practical work within the industry.

Research in textiles and related fields is also carried out by a number of research organisations, including the Shirley Institute in Manchester, specialising in cotton and man-made fibre, but now also covering other areas as well. The Wool Industry Research Association in Leeds (WIRA), the Hosiery and Allied Trades Research Association in Nottingham (HATRA) and the Lambeg Institute in Northern Ireland for linen, polypropylene and other heavier fibres. In the period ahead further increases in speed, efforts to eliminate or telescope processes, and to reduce labour involvement by increased automation are again likely to have resulted in

the period ahead further increases in speed, efforts to eliminate or telescope processes, and to reduce labour involvement by increased automation are again likely to have resulted in

over two-thirds of the market compared with one-third now held by wovens; in this sector, too, printing has now become very important and is now able to offer an appearance which is very close to a woven look.

The jackpot as far as fibre producers are concerned, however, could come with the successful development for apparel usage of non-wovens fabrics which eliminate the need for conventional processing such as knitting and weaving. A variety of methods are already being used to produce fabrics from fibres bonded together either with a resin or through heat treatment, and non-wovens have found industrial, civil engineering and medical applications. In the home non-wovens have found their way into carpeting, curtains, bedding, and table cloths but the producers have not yet been able to create in non-woven cloth the qualities present in nature's two best-known non-wovens, skin and leather—a combination of good strength and drape.

A combination of economics and aesthetics has again been an important reason behind the move towards Open End spinning. Coarser counts of yarn can be spun more economically on this system which uses a rotor rather than the conventional ring frame and the fabric made from the yarn has proved very acceptable to the trade and the public as jeans material.

Economic factors have also been behind the main trends in finishing. New methods of decoration have been needed to match the faster cloth production speeds, and the answer has come in part with developments such as transfer printing, which make it possible to impart designs on fabric much more easily and quickly than by the conventional route of weaving or knitting in designs. In carpets the economics of production of Eastern Europe and those of the Far East and the U.S.

In pursuing these developments the West European industry faces a major problem. Vast amounts of expenditure have been made in the past and will be required in the future but it has now become difficult to sustain this in face of continuing pressure on the home market, in price and volume terms, from imports. Textile technology will continue to advance but the industry is now concerned that Western Europe might have increasing problems in keeping pace in competition with the subsidised industries of Eastern Europe and those of the Far East and the U.S.

Problem

Investment grows apace

By Rhys David

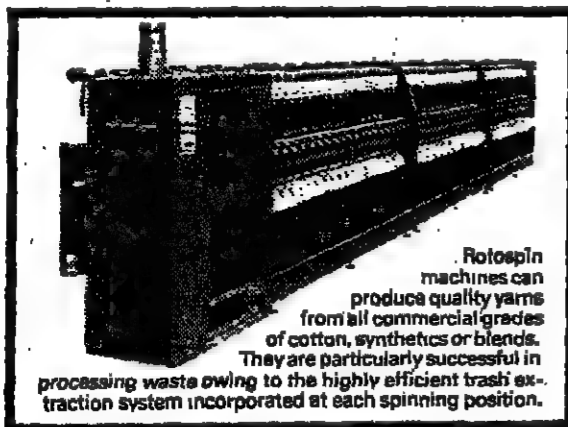
chain, fibre production polymer was extruded at 7 kg per hour and assembled into tows of 100,000 denier which were drawn at 80 metres per minute less than 20 years ago. To-day the equivalent figures are 70 kg per hour, tows of 2m. denier and 350 metres per minute, with advances up to 90 kg per hour and 3m. denier possible in the near future.

In just about every other processing stage similar advances have been achieved. In yarn texturing—the process which gives bulk to yarn—throwsters have moved up from speeds of 100 metres per minute to 400-700 metres per minute and may soon be bulking flat drawn yarns at 1,000 metres per minute. In spinning, carding speeds have gone up from 4 kg. per hour to 40 kg. per hour with 70 kg. per hour a possibility, and fibre can be spun on new Open End machines at 54 metres per minute compared with 15 metres per minute on turn to woven staple fabric. These rapid advances have made it possible to produce

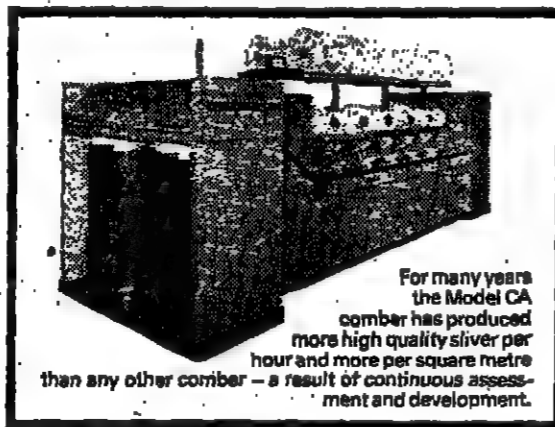
head in textiles during the past decade as averaged 8 per cent per annum, almost double that of manufacturing generally, and nearly seven times the rate of productivity increase in vehicle manufacturing.

The U.K. textile machinery industry has also been responsible for some of the most important developments. The U.K. remains particularly strong at the fibre processing stage where Platt-Saco-Lowell and its sister company, Scraggs, are among the handful of major world producers in their respective fields. Platt has been one of the leaders in developing the new Open End spinning method which is expected to take over a large part of the market now held by conventional spinning machinery, and the company will be delivering its 1,000th OE machine later this year.

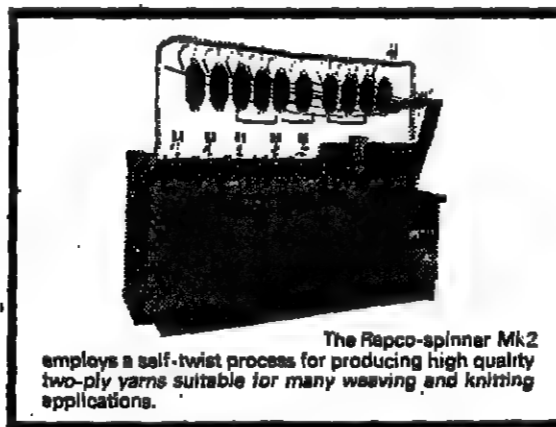
The U.K. is less strong in other areas, such as weaving, where the market is now dominated by the Germans and the Swiss, or in warp knitting where German producers again lead the field. Through the



Retospin machines can produce quality yarns from all commercial grades of cotton, synthetics or blends. They are particularly successful in processing waste owing to the highly efficient trash extraction system incorporated at each spinning position.

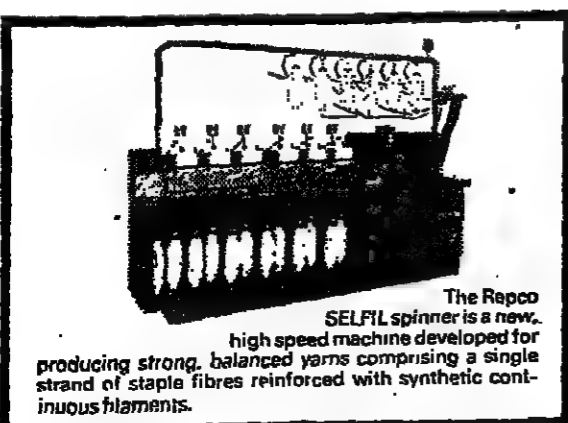


For many years the Model CA comb has produced more high quality sliver per hour and more per square metre than any other comb — a result of continuous assessment and development.

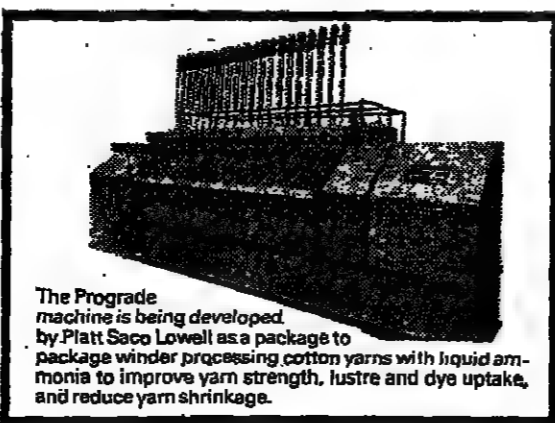


The Rapco-spinner Mk2 employs a self-twist process for producing high quality two-ply yarns suitable for many weaving and knitting applications.

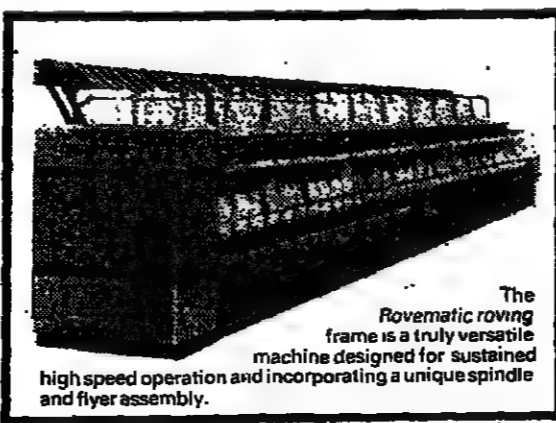
Our technology is advanced, so are our machines.



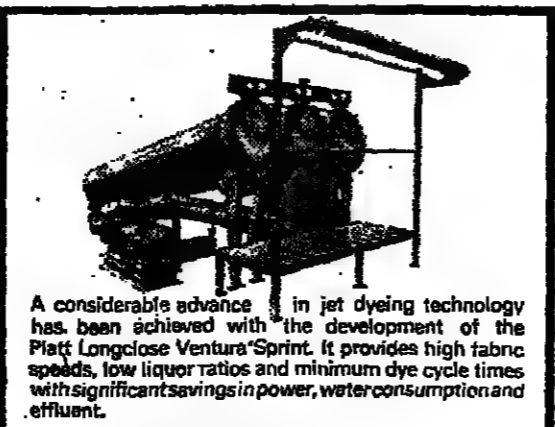
The Rapco SELFIL spinner is a new, high speed machine developed for producing strong, balanced yarns comprising a single strand of staple fibres reinforced with synthetic continuous filaments.



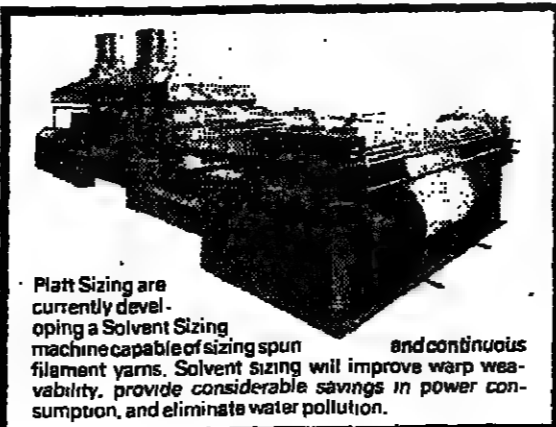
The Prograde machine is being developed by Platt Saco Lowell as a package to package winder processing cotton yarns with liquid ammonia to improve yarn strength, lustre and dye uptake, and reduce yarn shrinkage.



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TEXTILE TECHNOLOGY II

Natural fibres fight back

BY THE mid-1960s the cotton-growing and wool-growing nations had come to recognise the value of co-operative action in meeting the challenge to their markets thrown down by such technical advances as the man-made fibres and much faster, more efficient textile technology. Both rubber and tire producers had travelled this road in the 1930s.

The woolgrowers chose to follow the route pioneered by natural rubber and tin, and set up a research centre in Britain. As a direct result of work at the Technology Centre at Ilkley, Yorkshire, since the late 1950s, the International Wool Secretariat can now claim that a valet service for a woollen suit need mean nothing more than bundling in into a washing machine and hanging it up to dry.

The cotton-growers, in nations mostly more impoverished than their wool-growing colleagues, set up a research programme at the same time, with basically similar objectives. But they chose to carry it out through contracts placed with recognised centres of textile expertise, rather than go through the long and expensive process of evolving their own research centre. The International Institute for Cotton, formed in 1966, set up a technical research division on the campus of the Shirley Institute in Manchester, co-operative research association for the cotton, silk and man-made textile manufacturing industry. The Shirley Institute is one of several recipients in various countries of contracts from the cotton research programme co-ordinated by Dr. Frank Burkitt, director of technical research.

Most of the research effort on behalf of cotton is directed at its easy-care performance. As with wool, the natural fibre does not perform well here, and thus is highly vulnerable to man-made fibres. Worse still, treatments designed to improve easy-care performance were having an adverse effect on the natural strength and durability of the fabric. The traditional empirical search for a "magic potion"

gave way in the late 1960s to a more basic investigation of the characteristics that might assist the value of co-operative action in meeting the challenge to their markets thrown down by such technical advances as the man-made fibres and much faster, more efficient textile technology. Both rubber and tire producers had travelled this road in the 1930s.

The Institute's research indicated that the main reasons for poor strength and durability in easy-care cotton fabrics lay with the shape and irregular structure of the cotton fibre itself and the uneven distribution of the easy-care chemicals through the fabric. Armed with this information, it then discovered how such results could be improved if the easy-care chemicals were applied with less water, which prevented a portion of the fibres from becoming over-treated and embrittled. Implementing this seemingly simple discovery, however, necessitated new techniques for the industry, which have become available only in the past year or two.

While admitting that it is not yet at the end of the road in optimising its new technology, the institute claims that easy-care 100 per cent cotton fabrics can be made with "essentially the same strength"—no more than about 10 per cent loss—as the original untreated material. Previously it was commonplace for fabrics to lose up to 30 to 40 per cent of their strength.

The new technology, still at the development stage, is directed especially at household linen (such as sheetings), about 30 per cent of the market for cotton. Mill trials in leading Japanese mills have produced easy-care bed sheetings in 100 per cent cotton of "excellent performance and handle," the Japan office of the International Institute for Cotton reported recently.

The other half of the institute's research programme is concerned with the raw material itself and with utilisation of the finished product. For example, it funds studies aimed at minimising the intrinsic weaknesses in cotton fibres, literally by try-

ing to grow the failings out and cultivate more desirable characteristics that might assist the textile industry. It also finances research designed to keep the fibre competitive as the technology of spinning and knitting advances. To take the case of open-end or rotor spinning, the institution is trying to identify the fibre characteristics most important to this highly productive process, to help the growers ensure that adequate supplies of the right fibre are available to take full advantage of the process.

Programme

The research programme of the wool growers, also begun in the late 1960s, has enjoyed the advantage of having several times as much cash. Originally planned by Dr. Geoffrey Laker, now managing director of the International Wool Secretariat, and executed until recently by Dr. John McPhee, as research director of the Technology Centre, the research programme is aimed at basically similar objectives to that for cotton—easy-care and adaptation to faster textile technology.

Technically, the wool programme has had two remarkable successes. One is Superwash, a process to confound those who said "wool is not washable". It permits woollens to be washed in any washing machine. The second triumph is a flameproofing process which has kept wool competitive in markets—notably for carpets—in which fire tests for textiles were becoming particularly onerous.

But the International Wool Secretariat accepted from the outset that, no matter how successful its research, the textile world would never beat a path to its door. The Technology Centre itself has to play a vigorous part in marketing the results of its research. Superwash began as a labor-

atory discovery by Dr. McPhee in the early 1960s, when he found that minuscule "fish scales" covering each fibre of wool became enmeshed during washing, with the fibres entangling more and more tightly. Since the scales contribute importantly to the wool fibres' properties, there could be no question of simply stripping them off. So the answer was to coat each fibre with just enough resin to seal the scales but not so much as to interfere with the aesthetic attributes of the fibre by turning it into a "synthetic".

But the task of the Technology Centre was to transform a laboratory idea into an industrial practice, applicable under a great diversity of manufacturing conditions. Success for Superwash came in 1970 with a batch non-shrink process that worked well for Bremer Wool-Kammerel, Europe's biggest wool top producer. It spread almost 1.5 per cent by weight of a resin uniformly over the wool fibres. The first big continuous processing line was later set up for Teinturerie des Francs with the help of the Technology Centre.

The flameproofing story is almost entirely associated with the same research centre. Wool, although naturally flame-resistant, became threatened by new U.S. fire tests, which could have excluded it from important markets such as aircraft fabrics and carpets. But a chemist at Ilkley traced the higher flame resistance of certain woollens to chrome dyes. The trail led him to metal complexes of titanium and zirconium which, when present in the burning wool, release vapours that will "smother" a flame. The process, launched commercially in 1972, has proved not only highly adaptable to a great variety of processing conditions but also inexpensive.

David Fishlock

Finishing

IT IS hard to credit, but there was a time not so very long ago when thickening compounds were assessed by watching the droplets fall from the end of a stick after it had been dipped in the mix.

Printing, dyeing and finishing of textiles depends on a number of factors such as temperature, pressure, viscosity, time and so on. All of these can be precisely measured and controlled and no longer can industry afford the doubtful luxury of simply injecting more steam or leaving things "a little longer." All of these represent additional costs and add to the price of a process.

Modern thinking is directed towards optimising processing conditions and minimising effluent generation. The price of water and the cost of handling effluent can be seen to be rising very rapidly. If the modern wet processing industry is to retain a position in advanced societies then it must come to terms with and solve the problems presented.

Much fibre is dyed before it is spun into yarn and for this a number of different processes are used. Platt Longclose, for example, has built high temperature and high pressure loose stock dyeing machines which can be used either for dyeing fibre or packages of yarn. The amount of water demanded is far less than was used in the older systems and, with precision programmes based on punched cards it is possible to be sure that these conditions can be repeated exactly and as often as desired.

Heating

A dream of machine builders has been to use radio frequency heating, for it means that only the power required to heat water will be used in the system and a number of other significant savings may well be expected. This sophisticated concept looks as though it has been mastered by a British company.

Dawson International has recently disclosed a continuous system of dyeing loose fibre by use of radio-frequency heating. A machine of 200 kg/hr has been built. Briefly the process involves applying a dye liquor to the fibre in a ratio of only 1:1 on weight and then passing this through a special glass tunnel. In this way the dye padded is held in exactly the correct relationship to the electrodes which generate the heat. In seconds the wetted fibre is heated to the boil and rapidly dyed. The amount of power required is minimal, the rate of production is speedy. The

amount of effluent is very small indeed.

Licensed to Platt Longclose to build, it would appear that this new development could well transform dyeing as we now know it.

In dyeing fabrics, the process known as jet-dyeing is now a dominant system. A large number of machine builders are supplying plant, including Samuel Pegg, Leicester and Platt Longclose, Leeds. Fabric is placed inside the tubes of these machines and joined together at each end to make a loop. The machine is then raised to a high temperature and pressure and the fabric caused to travel through the tubes with only a minimum of tension.

It has been suggested that creases might well be formed in materials that soften in these conditions, but by forming a multitude of mini-creases and by reducing temperature slowly as the process ends, it is possible to dye rapidly with a minimum of water and produce fabrics which are in fact crease-free.

Printing of fabrics is also in a state of transition, with rotary screen printing machines displacing flat screen machines. These are almost like roller stencils, but offer very high speeds. The technology of producing high quality rotary screens has been solved and new builders such as Stork, Holland, Peter Zimmer and Johannes Zimmer, Austria and Fritz Buser, Switzerland are all offering machines of this kind. But the problem of applying good prints to polyester/cotton blends has long troubled the trade. In the past it has only been possible to print with lightish shades on this new basic fabric which is rapidly replacing 100 per cent cotton in many areas.

Now a completely new process, developed in Manchester has been introduced by ICI Organics Division. Called the Dispersol/Procion PC dye system it combines disperse dyes of a special type with Procion reactive dyes. The disperse has an affinity for polyester and the Procion reacts with the cotton. After printing a very strong colour with these combined dyes, the fabric is treated with caustic and the character of the disperse dyestuff changes so that it will be unable to stain the ground of the fabric or the other fibre.

Technologically, it would appear that the company has gained a very significant lead over its competitors elsewhere. For the first time it has opened the way for really intense colours to be printed on these blend fabrics.

Another system of applying colour to textiles and one in which the U.K. shares its lead with France, is the transfer printing process. A sheet of paper is printed with the entire design required and this is then delivered to the transfer printer. Here the paper is taken with the plain fabric to be decorated and they are brought together and heated. The colour on the paper, sublimated directly on to the fabric and transfer to give a precision print. All this is achieved in a single stage and without water.

More recently a British concept has been developed which could open the way for the process to be extended to a wide range of fibre types. By slightly wetting the fabric to be printed, a multi-colour design can be applied in much the same way to such diverse fibres as nylon, acrylic, cotton and wool.

Another area where transfer printing would appear to have very considerable potential is by using single sheets of paper produced on offset machinery. Vaportex, Macclesfield, for example, is now offering sheets of designs up to 42 x 62 inches, for application to individual pieces of fabric. This contrasts sharply with the rolls of paper which are used for continuous printing of mostly polyester fabrics.

But the wet processing industry is developing in its approach to more classical systems of dyeing and printing. A completely automated colour kitchen is now possible for the modern dyehouse and within the Tootal group a plant is now in operation commercially.

Peter Lennox-Kerr



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TEXTILE TECHNOLOGY III

Knitters aim at greater versatility

THE constrictions imposed by the need to introduce machines capable of being changed quickly to meet requirements, knitting is continuing to make strides.

Most advanced techniques have been applied to jersey fabric machines. Models now have means for horizontally or vertically initiated selection of individual cylinder so that jacquard designs are set up without the need for a pattern card. These machines are programmed via mini-computer controllers into punched paper or tape.

The fabric knitting remains basically a producing fabrics in a of patterns, colours, and yarn effects. One time is involved in design and preparation. Traditionally, it has been laboriously pre-filled in squares on paper. This graph is set up mechanically on media such as drums, toothed wheels or steel film.

Designers using computer have successfully a number of pack- different price brackets, lectively translate a de- original idea, in a short of time, into the tape which will programme an e knitting machine or e machines. Alternat- ively, tapes are used to units which will set mechanical pattern ini- tially more quickly and cally.

Between the as- sociated design and com- plex technology have been overcome. Not only patterns, but artists' photographs, fabrics of other visual de- sign now be either opti-

Monitoring

Either in prototype form or production practice, electronic- ly initiated control has been applied to monitoring a plant of up to 500 seamless hose machines; for the patterning control of sock machines; for the pattern and movement cycle control of circular garment- making machines; for pattern- ing on warp knitting machines and on fully-fashioned knitwear machines.

Electronic initiation for pat- tern and stitch control with associated mechanical, electro- mechanical, electro-magnetic or hydraulic means for moving needles, jacks and cams into the desired position is, how- ever, only one of the directions in which knitting technologists

and machinery designers are continuing their efforts.

The rapid means of changing patterns, allied to the extreme variety of gauge, yarn, stitch and textural effect has been used to provide knitting with an additional bonus over and above its traditional textile pro- duction virtues of speed and flexibility as a converter of yarn into either fabrics or garments.

Meanwhile, the industry is making efforts to achieve:

1. Still higher output to maintain knitting's advantage as an economic producer of fabrics;
2. The exploitation of known stitch and patterning tech- niques, either alone or in combination, to maintain the impetus of novelty in apparel fabrics and to extend end-uses;
3. A broadening of the spectrum of gauges, machine widths and diameters, so that fabrics and garments in differ- ent weights and types can be produced for existing and new applications;

4. The production of a more complete garment from the knitting machine both in the interests of yarn economy through shaping and by saving costly labour in making-up.

The challenge offered by higher production speeds in weaving, non-woven and stitch bonding technologies is being met. Warp knitting machines, partly by the application of compound or two-part needles are capable of achieving speeds of up to 2,000 courses per minute on 84 inch width or 1,500 courses per minute on 108 inch width. In an extreme case at the 1975 ITMA exhibition a four-feeder large diameter circular machine was being operated at 140 rpm, some 5-6 times the conventional speed. New camming techniques are now enabling circular single jersey, interlock and rib machines to be run at twice the speeds that would have been considered impractical ten years

ago. A small diameter seamless hose machine can operate at up to 800 rpm.

Another means traditionally used to increase the produc- tivity of circular piecegoods machines is adding further knitting yarn feeders. This has been achieved at a steady rate, culminating to date with a maximum of 120 feeders for a single jersey machine, 96 feeders for a mini-jacquard double jersey machine, 108 feeders for an interlock machine, and up to 12 feeders on a small diameter seamless hose machine.

Possibilities

While no basic new knitted structures or patterning tech- niques have been invented for many years, existing possibi- lities are being constantly applied to different knitting machine types. One example is the fully-fashioned straight bar knitwear machine, which was once a machine for basic classic garments but now has capacity for striped, intarsia, tuck and lace designs. Plush attachments and inlay attachments have been designed for circular and flat machines to extend fabric scope, and applications.

There has been consistent widening of the gauge, or degree of knitting fineness on all types of knitting machines. In a flat machine the range is from 14 needles per inch to 40 needles per inch for a specialised appli- cation to make bifurcated arteries. For circular fabric and garment making machines cur- rent limits are from three to 42 needles per inch. The latter are

interlock machines requiring a high degree of precision engi- neering and a latch needle 30/100mm in thickness. Fully-fashioned knitwear machines have from 3-30 needles per inch.

A good deal of recent attention in the knitting industry has focused on the production of garments more complete on the machine since the nature of knitted fabric makes it difficult to assemble automatically. Warp knitting has made a major contribution in this area. Products developed in integral form include towels, scarves, dishcloths and tubular fabrics for stockings, fire and irrigation hose, meat and vegetable sacks, tights or panty-hose, panty-briefs, anti-girdles, pockets and artificial arteries. Active research work is being conducted on jumpers, casual slacks and children's wear.

One-piece tights, knitted com- plete with elastic waist and closed toe are a major advance in whole garment knitting tech- nology while children's gar- ments have been made on large diameter sock machines. Gloves, mittens, socks with toes, hats and berets can also be knitted as complete garments.

A new technique known as "presser-foot" allows shaped rib knitwear panels to be knitted on a V-bed flat knitting machine and extensions of this technique are being actively explored so that garment shapes requiring little making up or even complete garments requir- ing only the addition of a mini- mum of sewing and trimmings can be knitted.

John Millington

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Spinning and weaving

THE end of World I, both spinning and g have been transformed. Industry is still a long way from being automated, but the of processing have risen mically and completely cepts have emerged.

Spinning industry is in a transition, for the old of making a yarn by of a ring and traveller, replaced mule spinning a century ago, is now replaced in certain areas new open-end spinning.

This assembly fibres (arn by means of a rotor something similar to a feed centrifuge. Speeds, siderably higher and the of completed yarn is, theoretically, unlimited.

conomics of the process to certain yarn counts, is little doubt that it does that will change nking about spinning ears to come. Already per cent of American capacity is accounted open-end spun yarns.

co Lowell is the British that is mainly, con- with the process, but builders involved in- golstadt and Krupp in y. Investa in Czecho- , Rieter of Switzerland, number of other major building concerns.

Saco Lowell, however, developing another y which is called self- nning. Two machines ng built. The first is co machine which pro- voked-type yarn. The with this is that it can ke a twofold yarn, in wo strands wrap around her and provide mutual

second process is Self- once again, consists of ents, but one of these is rand of extremely fine which wraps round the worsted yarn to provide and strength.

of production are e compared with the old- ysted frame which could t 100 feet long. A sol- poe or Self machine is rger than a domestic machine and offers e same production. The ave a distinctive charac- as yet, they have only ited acceptance within stry.

land—and probably the vortex spinning is being ed. In this yarn is by dropping fibres into xer of an air current

Expertise

Probably the greatest amount of expertise in the production of all types of sewing threads is to be found in the U.K. English Sewing, part of Tootal, has been investing in the development of more accurate and faster wind- ing machines for these tiny bobbins and has patented a sys- tem that allows them to be wound at 10-15,000 r.p.m. The machines are built under licence by Special Projects Textiles Ltd., a subsidiary of KDC Instru- ments Ltd., and already royalties from foreign sales at the front in international terms is not so much the speed, but the fact that the accuracy of yarn length wound on these new machines is to within 0.5 per cent. With so many units, this can represent very substantial savings.

Throughout all the new devel- opments in every section of the textile industry the emphasis is on high speed production, linked with great accuracy. Addition- ally, the aim is to reduce the number of processes in the sequence from fibre to finished fabric.

A number of major changes have taken place in the design of modern looms and gradually the shuttle is being displaced by a number of different 'weft' insertion systems.

In Czechoslovakia a loom was developed about 20 years ago and it carried yarn by an airjet across 45 cms. at a speed of 1,000 picks per minute. Since then both air and water have been used. In Switzerland, the Sulzer has pioneered the gripper shuttle which replaces the old type shuttle with a small carrier that takes the yarn from

a large supply package at the side of the machine and trails it behind the high speed carrier. This process has had the greatest impact of all in weaving.

A number of other develop- ments using rapiers have been developed and all work from a stationary weft supply. These include flexible guided and un- guided rapiers as well as rigid rapiers.

Macart Textiles (Machinery Bradford) Ltd. has developed the first British rapier loom in an attempt to recover a share of the world loom market for the U.K. This is a flexible un- guided rapier machine which is extremely simple in concept, but which is intended to operate at high efficiency levels and completely trouble-free, rather than at excessively high speeds.

The new loom, it is stressed, has also been designed to weave a very broad spectrum of dif- ferent types of fabrics from light materials through to heavy industrial cloths.

Probably one of the best known companies in weav- ing with shuttles must have been British Northrop. This company was eclipsed by foreign competitors, and it looked, at one time, as though it would eventually disappear. However, it is now making strenuous efforts at recovery and having developed a sim- plified shuttle loom known as the Sensomatic, is now extend- ing this into the realms of shuttleless machines. Later this year it is expected that a rigid rapier loom, based on the Sensomatic frame, will be intro- duced. The rapier will be of a completely new type made from carbon fibre reinforcement which will give it the necessary rigidity with light weight.

Increasingly the textile machine builders are coming to exploit all aspects of modern technology. Solid state elec- tronics for all types of control is now commonplace, while the incorporation of the most modern engineering materials allows ever higher speeds to be attained.

The complexity of making yarns and fabrics is something that almost prohibits auto- mation, although certain areas are coming very close to this, but the amount of power required and the labour content in products is rapidly being reduced as the machine builders come to adopt new attitudes towards traditional processes.

Peter Lennox-Kerr

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| | | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|-------|
| Earnings per share (fulltime) | 16.22 | 10.89 | 10.50 | 12.61 | 12.45 | 12.00 |
| P/E Ratio (mkt. adj.) | 9.08 | 0.27 | 0.27 | 2.33 | 2.35 | 7.81 |
| Dividends declared | 7,517 | 6,958 | 5,373 | 5,836 | 5,683 | 5,085 |
| Equity turnover 5m. | | 50.35 | 41.92 | 48.48 | 44.01 | 56.48 |
| Equity turnover total | | 17.24 | 17.73 | 16.57 | 15.87 | 16.51 |

1M = 398.4, 11M = 353.4, 20M = 319.9, 1 p.m. = 390.4
 2 p.m. = 390.4, 3 p.m. = 373.7
 Latest index: 21.366 index

(a) Based on 51 net cont. corporation tax. (b) NI = £50.
 Basis 190 Govt. Secs 15/10/82. Fixed int. 10.22.
 Basis 190 Govt. Secs 15/10/82. Fixed int. 10.22.

| HIGHS AND LOWS | | | | S.E. ACTIVITY | | |
|----------------|---------------------|--------------------|--------------------|--------------------|--------|--------|
| 1974 | | Price Comparison | | | | |
| High | Low | High | Low | May 27 | May 28 | |
| Govt. Secs. | 55.21 (10/17/74) | 50.19 (2/17/76) | 127.4 (1/15/76) | 99.18 (4/17/76) | 191.5 | 187.7 |
| Fixed Inc. | 64.43 (2/21/76) | 59.75 (2/21/76) | 150.5 (1/15/76) | 104.0 (4/17/76) | 254.5 | 258.4 |
| Ind. Ord. | 43.02 (4/17/76) | 39.13 (2/17/76) | 94.5 (1/15/76) | 49.6 (4/17/76) | 166.5 | 162.3 |
| Gold Mines | 346.8 (2/17/76) | 311.4 (2/17/76) | 442.5 (1/15/76) | 43.6 (4/17/76) | 296.5 | 292.3 |
| | | | | Speculation | 55.7 | 56.3 |
| | | | | Totals | 1567.7 | 1543.0 |

89p. still on hopes of a fruitful approach. A. and J. Mueckel cheapened 10 to 150p, while Great Portland Estates, 225p, and Haskins & Co., 150p, were unchanged. Allied London Properties followed the half-year results with a loss of 2 at 28p.

Overseas Traders succumbed to the general market dullness with a loss of 1/2 at 110p, while losses of about 5 occurring in S. Hoffman 101p, Paterson Zochens 1/4 150p, Lounie, 78p, and the W. Berkefeld 150p. Jamieson Sugar, 18p, relinquished 2 of the previous day's rise of 3 which followed the sharply higher profits and dividend increases. The general financial displayed widespread falls. Border and Southern, 210p, and Rothschild, 340p, both lost 10, while Estates Reine fell 8 to 800p, and Telephone and Cable, 130p, lost 10.

Against the trend in Shippings, James Fisher, 95p, and Midland

markets and its subsequent gains in London, Share-prices improved from the outset, owing to a follow through of over the U.S. demand coupled with the buying orders in a market short of stock, although business was at a lower level than of late. The future of the European Continental markets, for Ascension-Day holiday.

Bullion was finally 29 1/2 higher at \$126.375 per ounce while the Gold Mines advanced a further 15 1/2 to 1100. A further 1/2 gain of 1/2. Among the heavyweight gold mines ranged to 512 in West D. Antea (223), while Buffalo rose on 511 at 411 1/2. The heavyweights, Sylvester and Doerflinger were both 50 higher at 800p. 400p. respectively and South African improved 40 to 550p. Fresh Steyn gained 95 to 810p.

Rise in De Beers

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

the day at 134p. Further consideration of the poor nine-month

| CAPITAL & SUB-SECTIONS | | | | | | | | | |
|--|-----------|--------------|-----------------------|--------------|----------------|----------------|--|---------------|-------------|
| Figures in parentheses show number of stocks per section. | | | | | | | | | |
| | Index | Day's Change | Est. Earnings Yield % | Div. Yield % | Est. P/E Ratio | Est. P/B Ratio | Index | Index | Index |
| | | | | | | | | | |
| 1 CAPITAL GOODS (179) | 148.98 | -2.6 | 18.61 | 5.08 | 9.65 | 9.65 | 149.49 | 151.83 | 151.96 |
| 2 Building Materials (30) | 130.53 | -5.1 | 13.97 | 7.01 | 11.17 | 11.17 | 134.46 | 136.55 | 136.03 |
| 3 Contracting, Construction (23) | 300.83 | -2.7 | 18.61 | 6.87 | 9.85 | 9.85 | 306.45 | 310.51 | 312.10 |
| 4 Electricals (16) | 262.37 | -2.5 | 15.63 | 4.71 | 9.45 | 9.45 | 266.91 | 275.19 | 273.78 |
| 5 Engineering (Heavy) (13) | 174.58 | -2.8 | 16.41 | 4.85 | 9.45 | 9.45 | 179.69 | 183.73 | 183.78 |
| 6 Engineering (General) (63) | 136.48 | -2.6 | 16.74 | 6.46 | 9.44 | 9.44 | 138.94 | 140.78 | 141.80 |
| 7 Machine and Other Tools (8) | 55.50 | -3.5 | 16.63 | 7.81 | 13.11 | 13.06 | 57.49 | 58.35 | 58.21 |
| 8 Miscellaneous (25) | 138.48 | -2.4 | 14.44 | 8.39 | 10.79 | 10.47 | 136.79 | 136.98 | 138.11 |
| 9 CONSUMER GOODS (DURABLE) (33) | 136.18 | -3.0 | 16.35 | 6.94 | 9.14 | 9.14 | 140.18 | 142.05 | 142.50 |
| 10 Lt. Electronics, Radio TV (15) | 138.98 | -2.8 | 14.38 | 5.91 | 10.10 | 10.17 | 140.65 | 145.04 | 145.10 |
| 11 Household Goods (13) | 178.54 | -2.3 | 17.64 | 6.97 | 9.61 | 9.60 | 179.55 | 183.33 | 183.08 |
| 12 Motors and Distributors (25) | 77.00 | -4.0 | 19.01 | 6.77 | 7.97 | 7.98 | 80.31 | 81.91 | 81.97 |
| 13 CONSUMER GOODS (NON-DURABLE) (168) | 147.38 | -2.6 | 14.46 | 6.15 | 10.67 | 10.67 | 151.11 | 151.97 | 152.58 |
| 14 Breweries (15) | 154.25 | -2.6 | 14.69 | 7.08 | 10.38 | 10.38 | 156.34 | 159.53 | 159.70 |
| 15 Wines and Spirits (7) | 171.18 | -1.9 | 10.67 | 5.66 | 14.34 | 14.34 | 181.63 | 185.89 | 184.38 |
| 16 Entertainment, Catering (14) | 176.34 | -3.3 | 14.31 | 7.74 | 10.75 | 10.75 | 176.80 | 179.56 | 178.38 |
| 17 Food Manufacturing (22) | 156.38 | -2.5 | 15.18 | 5.91 | 10.60 | 10.60 | 157.09 | 159.66 | 159.00 |
| 18 Food Retailing (16) | 137.04 | -2.8 | 15.14 | 6.15 | 12.00 | 12.00 | 141.19 | 148.59 | 141.16 |
| 19 Newspapers, Publishing (16) | 166.58 | -2.1 | 12.98 | 6.32 | 12.81 | 12.81 | 168.94 | 171.28 | 170.30 |
| 20 Packaging and Paper (12) | 100.00 | -2.5 | 16.97 | 7.68 | 9.85 | 9.85 | 105.64 | 106.96 | 106.90 |
| 21 Stores (34) | 118.58 | -2.5 | 15.11 | 5.85 | 11.74 | 11.74 | 121.37 | 123.44 | 123.44 |
| 22 Textiles (23) | 154.90 | -2.3 | 15.08 | 7.17 | 10.90 | 9.47 | 163.39 | 168.94 | 168.41 |
| 23 Tobacco (3) | 228.00 | -1.4 | 16.99 | 6.97 | 7.60 | 7.60 | 239.51 | 251.83 | 252.00 |
| 24 Toys and Games (5) | 74.58 | -1.9 | 10.59 | 7.84 | 6.82 | 6.82 | 76.75 | 76.46 | 77.33 |
| 25 OTHER GROUPS (96) | 110.10 | -1.7 | 11.84 | 6.33 | 11.74 | 11.74 | 115.68 | 117.34 | 117.31 |
| 26 Chemicals (26) | 94.78 | -2.3 | 12.66 | 6.47 | 11.57 | 11.57 | 96.94 | 97.32 | 97.96 |
| 27 Office Equipment (8) | 579.08 | -2.4 | 14.37 | 6.84 | 8.95 | 8.79 | 588.56 | 592.41 | 592.46 |
| 28 Shipping (12) | 107.71 | -2.0 | 14.13 | 7.00 | 10.55 | 10.54 | 108.54 | 109.66 | 109.70 |
| 29 Miscellaneous (48) | 158.11 | -2.5 | 14.79 | 6.01 | 10.32 | 10.32 | 160.61 | 165.16 | 165.14 |
| 30 INDUSTRIAL GROUP (486) | 179.00 | -1.4 | 11.89 | 7.18 | 10.34 | 9.48 | 184.54 | 190.46 | 190.05 |
| 31 OILS (4) | 170.67 | -2.3 | 12.87 | 7.78 | 10.30 | 10.09 | 174.75 | 177.28 | 177.13 |
| 32 FINANCIAL GROUP (100) | 147.90 | -2.8 | — | — | — | — | 150.88 | 153.21 | 151.79 |
| 33 Banks (6) | 153.95 | -1.4 | 19.85 | 8.45 | 7.75 | 7.75 | 156.15 | 158.54 | 158.97 |
| 34 Discount Houses (10) | 156.23 | -0.8 | — | — | — | — | 161.72 | 163.98 | 163.73 |
| 35 Hire Purchase (5) | 95.74 | -0.8 | — | — | — | — | 102.66 | 103.56 | 103.47 |
| 36 Insurance (Life) (9) | 106.14 | -3.9 | — | — | — | — | 110.40 | 111.98 | 111.98 |
| 37 Insurance (Composite) (7) | 90.90 | -3.0 | — | — | — | — | 103.86 | 104.30 | 103.21 |
| 38 Insurance Brokers (9) | 355.05 | -1.6 | 9.30 | 4.34 | 16.99 | 16.99 | 358.99 | 368.16 | 364.14 |
| 39 Merchant Banks (18) | 74.87 | -1.1 | — | — | — | — | 77.73 | 78.35 | 78.98 |
| 40 Property (32) | 153.17 | -2.8 | 8.48 | 5.53 | 61.61 | 63.37 | 156.10 | 161.55 | 159.35 |
| 41 Miscellaneous (6) | 78.88 | -3.1 | 17.27 | 7.48 | 9.06 | 9.06 | 79.09 | 78.70 | 78.57 |
| 42 Investment Trusts (50) | 156.08 | -2.6 | 5.31 | 4.74 | 61.43 | 150.61 | 163.00 | 163.49 | 165.96 |
| 43 ALL-SHARE INDEX (650) | 159.57 | -2.4 | — | — | — | — | 163.54 | 166.96 | 165.65 |
| 44 COMMUNITY GROUPS (Not included in 500 or All-Share indices) | — | — | — | — | — | — | — | — | — |
| 45 Rubbers (9) | 499.38 | -1.1 | 11.32 | 5.83 | 12.65 | 12.46 | 505.04 | 508.99 | 508.63 |
| 46 Teas (8) | 136.34 | -0.8 | 81.15 | 8.75 | 4.36 | 4.31 | 136.39 | 135.69 | 137.68 |
| 47 Coppers (3) | 223.04 | -2.6 | 44.31 | 7.70 | 3.26 | 2.98 | 217.31 | 224.28 | 223.96 |
| 48 Mining Finance (11) | 106.62 | +2.0 | 9.80 | 4.71 | 11.36 | 10.49 | 106.61 | 105.90 | 106.00 |
| 49 Tins (8) | 106.19 | -1.0 | 11.48 | 8.31 | 12.76 | 12.39 | 107.23 | 106.54 | 106.05 |
| 50 Overseas Traders (13) | 351.18 | -2.6 | 14.35 | 4.47 | 9.07 | 9.07 | 357.33 | 359.89 | 359.83 |
| FIXED INTEREST | | | | | | | | | |
| | Index | Yield % | Thurs. May 27 | Wed. May 26 | Tuesday May 25 | Monday May 24 | Friday May 23 | Thurs. May 22 | Wed. May 21 |
| 1 Consols 2 1/2% yield | — | 14.18 | 13.87 | 13.77 | 13.67 | 13.66 | 13.66 | 13.66 | 13.65 |
| 2 20-yr. Govt. Stocks (8) | 48.63 | 13.37 | 49.43 | 50.09 | 50.00 | 50.59 | 51.28 | 51.48 | 51.85 |
| 3 20-yr. Red. Deb. & Loans (15) | 51.85 | 14.47 | 52.12 | 52.98 | 52.94 | 53.40 | 53.77 | 54.18 | 54.09 |
| 4 Investment Trust Pref. (15) | 48.03 | 14.45 | 48.76 | 48.76 | 48.76 | 48.76 | 48.35 | 48.45 | 48.44 |
| 5 Coml. and Indl. Pref. (20) | 65.83 | 14.41 | 66.07 | 66.20 | 66.28 | 66.59 | 67.15 | 67.29 | 67.56 |
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| Section or Group | Base Date | Base Value | Section or Group | Base Date | Base Value | Share Indices | The following indices are available from the Publishers: | | |
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* Longer-term local authority mortgages
13-14 1/4 per cent. 4 Bank bill rates in table
at: 7 and 10 year trade bills 12 1/2 per
cent. 11-13 1/4 per cent.; and three-month
month 11 1/2 per cent.; and three-month
cent. and three-month 12 1/2 per cent.
Buss. Apr. 11 1/2 per cent. Clearing Bank
Rate for lending 13-14 1/4 per cent. Treasury

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|-------|-------|-----|-----|

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1976-77. ^a All figures are estimates for 1976. ^b Un dividend and yield based on 1976 official estimates for 1976. ^c Gross. ^d assumed. ^e U No significant Corporation Tax. ^f Z Dividend total to date.

Abbreviations: ex = ex dividend; as ex scrip (same as ex); all = ex capital distribution.

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FINANCIAL TIMES

Friday May 28 1976

BELLS
SCOTCH WHISKY

OPEC meeting fails to reach consensus

BY ROBERT GRAHAM

DESPITE strong Saudi pressure for a freeze on the price of crude oil, the OPEC Ministerial meeting has failed to produce a consensus on its first day here.

There are still disagreements both on the acceptance of a price freeze and the modalities of applying a new system of "differentials" — allowing for wider price bands between different types of crude.

Even so, the meeting is being conducted without the bitter acrimony of the Vienna conference last September. Informed conference sources believe the meeting will be able to end tomorrow.

Sheikh Yamani, Saudi Oil Minister, is still confident that his country's position that prices should be frozen until the end of the year will be accepted. Saudi Arabia is being supported by Kuwait, Algeria (as in September) and Abu Dhabi.

Demand for a price rise is coming from Libya, Iraq and Nigeria with Iran also showing support, though not with the

same hawkishness as in Vienna last September. At the Vienna meeting, the Ministers agreed after a highly divisive debate on a 10 per cent increase in the price of Arabian "marker" crude valid till June 30. At the Sheikh Yamani said he would like to see this increase hold good for the whole of 1976.

Argument

In continuing to hold out for a freeze, Saudi Arabia is staking its full weight as OPEC's leading producer. Sheikh Yamani's basic argument has been that demand in the industrial countries is just beginning to pick up and that this will mean greater production and more revenues.

The Saudis argue that increasing the price now by a modest amount could harm industrial recovery in the industrialised countries and limit the potential rise in 1977 when these countries are better able to absorb it.

So the argument centres not only on a rise at the end of June — which if it were to happen would be very modest — but also

on the longer-term strategy for 1977.

Much detailed discussion has been devoted to the OPEC Economic Commission's report on the adoption of a new system of "differentials".

The conference is now considered almost certain to adopt a new formula, based on suggestions put forward by the Algerians despite the present disagreement.

In essence, this new formula is designed to take better account of the need to allow a greater variation in the price range of crude oils on either side of the "benchmark". Thus in effect, there will be something similar to a "snake" in oil prices.

On the question of a change of headquarters, informed sources said a majority decision had been taken before the meeting to move to Geneva and that Ministers would merely endorse this.

Finally, ministers are likely to make some statement of intent linking the UNCTAD meeting in Nairobi with the North-South dialogue.

Ford U.K. profit £14m. in 1975

BY KEVIN DONE, INDUSTRIAL STAFF

FORD of Britain last year achieved a £14m. profit before tax compared with £5.7m. in 1974. As in 1974, no dividend will be paid.

But it was the group's subsidiaries such as Ford Motor Credit and Ford Tractor (Belgium) which was responsible. Ford Motor taken alone showed a pre-tax loss of £2.2m. compared with a profit of £5.7m. in 1974.

In the first half of last year Ford faced problems with model changes and industrial relations which brought its car market share down to below 20 per cent. in both February and April, 1975.

In the full calendar year export sales were a record £452m. 33 per cent. higher than the 1974 record of £339m.

Mr. Terry Beckett, chairman and managing director of Ford of Britain, said the company's contribution to the British economy was greater than the accounts illustrated.

"As a result of co-ordination between Ford of Britain and its subsidiaries, a further £79m. of direct exports was generated, largely in the form of British-made components from U.K. suppliers to Ford's continental plants."

Tribute

The group's post-tax profit last year was £7.3m., compared with £2.4m. in 1974. Mr. Beckett said: "The profits were substantially below our requirements in a highly capital intensive industry — less than 11 per cent. on sales. Nevertheless, the fact that Ford of Britain made a profit at all in the toughest year the British motor industry has ever experienced is a tribute to management and employees at all levels."

Total sales last year by the group — Ford Motor Company and its subsidiaries — were more than £1bn. for the first time, at £1,146.5m., compared with £987.9m. in 1974. Group sales in export markets increased from £413.2m. to £581.2m.

On future prospects Mr. Beckett said much would depend on the general economy "but world trade is beginning to recover and the demand for vehicles is picking up."

With model expansion and improvement in the pipeline, Mr. Beckett said that Ford planned to create 3,000 additional jobs in the next 12 months.

Speaking to a meeting of Ford union leaders and conveners, Mr. Beckett defended the company's policy of integration with the other European Ford companies. Without the economies of scale achieved Ford would have been unable to introduce some of its new models, he said.

Ford's performance in the first part of this year shows a great improvement on the first five months of 1975, and in April it led the U.K. car market for the second month running, with a 29.1 per cent. share.

New Minis

Vauxhall Motors is on the road to recovery after four years of heavy losses and a declining share of the U.K. market, according to Mr. Bob Price, Vauxhall managing director. He said the company hoped "to do more than break even this year," following a pre-tax loss of just over £13m. in 1975.

Vauxhall was profitable in the last three months of 1975 and the trend had continued into 1976. The improvement was due to Vauxhall's expanded range of models, said Mr. Price. The Chevrolet Cavalier, which is manufactured in Belgium, now accounts for more than 50 per cent. of Vauxhall's U.K. sales.

Vauxhall is hoping to sell between 120,000 and 130,000 cars this year to the U.K. in order to take about 10 per cent. of the market. In the first quarter of 1976 it achieved 9 per cent. penetration as against 8.4 per cent. in the last three months of 1975.

● Leyland Cars revised Mini range, designed to give better road handling, went on sale yesterday, two weeks ahead of schedule.

The price of the Mini, which is now being produced at a rate of 2,500 a week, remains unchanged.

European American to fight \$9m. suit

BY STEWART FLEMING

NEW YORK, May 27.

EUROPEAN AMERICAN BANK, which is facing suits from five U.S. banks seeking to recover about \$9m. they invested in loans to the Colcostron shipping group, said today that it intended to defend the actions.

In its statement, European American made it clear that it firmly rejected allegations which the suing banks made against it on syndication of loans to the financially troubled shipping companies.

A spokesman for European American said that the banks which have filed suits against European American represented only a few of the banking institutions which accepted participation in the loans to the Colcostron shipping companies. European American said it had an estimated \$100m. to about \$300m. in loans to Colcostron companies.

The spokesman said that in extending credit to the Colcostron group, European American reviewed substantial information furnished both by the Colcostron companies and others, and had every reason to believe the information accurate. He said the banks which participated in the loans were given all the information they felt was necessary to make their own banking decision to lend money.

"There is no justification whatever for the position which these banks now take that European American should in effect now guarantee the loans which all of the banks were prepared to make on their own account at that time."

The spokesman added that European American had acted reasonably and honourably and regretted that banking institutions "in which we have had confidence and respect should be so quick to assert unsupported charges of wrongdoing."

European American said it was not prepared to discuss the details of the suits.

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Courtaulds waits for the turn

THE LEX COLUMN

At lunchtime today the discount houses have to tender for a record £600m. of Treasury bills in conditions of acute nervousness. Yesterday there were widespread attempts to unload paper in the money market, but the discount houses were anything but keen buyers and rates climbed by getting on for half a point. The market rate for Treasury bills would suggest a rise in M.L.R. of that amount, but that is not necessarily a good indication. So far the authorities appear to have taken a neutral stance. At least the wider M.L.R. fears are being discounted last night allowing equities to rally slightly towards the close, but nevertheless the 30-Share Index has significantly penetrated the 380 level, while the All-Share is at a new 1976 low.

Index fell 9.3 to 381.2

strongly towards the end of last year: in the U.K., man-made fibre output rose a fifth in the six months to March. At the same time, operating costs are benefiting from major reorganisation measures, which cost £2.7m. last year. The shares have been a weak market lately, and yesterday's 9p fall to 134p took them back to last summer's level. But with a market capitalisation of £563m., roughly equal to capital spending over the past four years, and a yield of 7.2 per cent., they might now show some relative stability.

See also Page 22

Courtaulds

Courtaulds' profits for the year to March are down from £128.5m. to £48.3m. before exceptional items, and the second half — excluding the paint business — was no better than the first. This is a disappointment, given a distinct seasonal bias in favour of the later months and the steeper trend in world fibre markets which has been evident since last autumn. But the overseas companies account on a calendar year basis, so the U.S. recovery has had little impact on these figures, and profits in the early months of last year were being cushioned by long term export contracts.

Within the decline, one might guess at a downturn of £10m. or more in France and a similar shortfall in packaging: finance costs could also have been nearly £10m. higher. But the fibre business has certainly held up better than most. And although the group has been deliberately building up its stocks in a year when capital spending outstripped cash flow by around £230m., its year-end cash balances may still have been as much as roughly half 1975's net £149m.

The trading background must now be improving. Overseas sales and exports were rallying or so pre-tax, against £55.6m.

Wine and spirits sales have, however, continued to decline, and no pick-up is expected here for some time — but beer volume is still moving ahead after a strong Easter. Comparison is of course, with exceptionally buoyant trading last summer, so Bass may make little overall progress in the second half with a likely full-year target of £200p.

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Conoco makes new North Sea oil find

BY RAY DAFTER, ENERGY CORRESPONDENT

A NEW oil discovery has been made in the North Sea by a group involving Continental Oil, Gulf Oil, and the State-owned British National Oil Corporation.

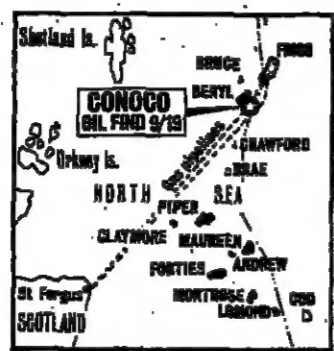
The find is on Block 9/19, some 110 miles south east of the Shetland Islands and just 3.7 miles from the U.K./Norwegian median line.

Conoco North Sea, a subsidiary of Continental Oil and operator for the group, said that oil, gas and gas condensate flowed from two separate formations.

The flow rates varied, depending on the choke sizes and the formations, but gas flowed up to 27.2m. cubic feet a day, while oil was tested at rates up to 2,854 barrels a day.

The presence of condensate in the field may detract from the commercial potential of the reservoir although the structure is regarded in the industry as being a reasonably encouraging prospect.

The well was the second to



be drilled on the block. It went to a total depth of 12,546 feet through 383 feet of water. The first well is believed to have encountered high-pressure gas.

Conoco said extra wells would be required to determine the size and commercial significance of the discovery, which lies some 10 miles south east of the Beryl Field.

Each of the three participants in the concession has a one-third interest.

Socialists' hackles raised by honours list

By Peter Hennessy, Lobby Correspondent

DISCONTENT RUMBLING at Westminster yesterday among Left-wing Labour MPs who viewed with distaste what they saw as Sir Harold Wilson's very personal resignation honours list.

Mr. Doug Eyles, MP for Nelson and Colne, likened some of the people honoured to "pirates and adventurers." He said it was the last straw and that the patronage system would have to go.

He has put down a Parliamentary question for the Prime Minister asking him to establish a select committee.

The wide indications that the matter would be raised at the next meeting of the Parliamentary Labour Party/Government Liaison Committee.

Conservative leaders responded with disdain to Sir Harold's list. "Ray is a loquax" (it speaks for itself) was the lofty comment of one prominent member of the shadow Cabinet.

A group of Conservative MPs last night tabled a House of Commons amendment calling on the Prime Minister to "restore the honours list to its proper dignity."

The MPs, headed by Mr. Michael Latham MP for Melton, put their amendment to a motion by Mr. William Hamilton.

Mr. Hamilton's motion said the Commons were "appalled" by the way in which the honours system had been used by Sir Harold, which had offended the Labour Movement and called for the honours system to be abolished.

The Conservatives' amendment also says that millions of people regard the honours system as an excellent way of rewarding at least some of the best citizens from every walk of life who have given distinguished service to their country.

Editorial Comment and Men and Matters, Page 18

Further increase predicted for minimum lending rate

BY MICHAEL BLANDEN

A FURTHER RISE in the Bank of England's minimum lending rate was being predicted in the City yesterday as short-term interest rates moved up sharply.

There was no indication that the authorities were doing anything to encourage a rise in rates. The officials view could change at short notice, but last night the Bank appeared to be taking a neutral attitude towards the market.

Rates on Treasury bills in an uncertain money market were running at levels which, if maintained at today's weekly tender, could bring a further rise of at least 1 per cent. in M.L.R. This would follow last week's 1 per cent. increase to 11 1/2 per cent. designed to help ease pressure on the pound.

In spite of this move, the pound has slipped again this week against a background of continuing uncertainty and widespread predictions of higher bank interest rates in New York.

Yesterday the foreign exchange market was very thin, with the Continent closed for Ascension Day, and the pound stayed round the low levels reached on the previous day.

Its weighted average depreciation was unchanged at its low of 39.2 per cent. Against the dollar, sterling lost 10 points at £1,717.0, again its worst-ever closing level. The exchange market is expected to remain thin and hesitant for some days, with London and New York closed on Monday and many

dealers away at their meeting in Washington.

The view appeared to be growing in London and elsewhere could move up again, though there remained a difference of opinion over where they could settle. This was reflected in the decisions by the big banks earlier this week, when National Westminster raised its base lending rate by 14 per cent. to 11 per cent. while Barclays and others went up only 1 per cent.

NatWest said yesterday that it was too early to judge any impact the differential might have on the pound's competitive position, but it is expected that the banks will fall in line with each other at some stage, the level of rates depending on which is proved right.

Continued from Page 1

Weather

U.K. TO-DAY

CLOUDY, sunny periods.

Scotland, N. Ireland, Wales, W. England

Cloudy, light rain near coast.

Eastern, Central Southern England

Sunny, showers in southern areas.

London, S.E. Cent. Southern England, E. Anglia, E. Midlands, Channel Islands

Cloudy, sunny periods, showers developing. Max. 17C (63F).

Business Centres

Y-day

Mid-day

Y-day

Mid-day

Y-day

Mid-day

Y-day

Mid-day

Y-day

Mid-day

Y-day

Mid-day

Y-day

Mid-day

Y-day

Mid-day

HOLIDAY RESORTS

Y-day

Mid-day

Y-day

Mid-day

Y-day

Mid-day

Y-day

Mid-day

Y-day

Mid-day

Y-day

Mid-day

Y-day

Mid-day